

A Situational Analysis of Chinese Managers' Personal Value Systems (PVS) and Their
Influence on Employee Commitment

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Abstract

This thesis investigates how the personal value systems of executive teams in privately owned Chinese companies influence their organisation's prospects for sustainable competitive success. The research aim is to establish a relationship between managerial value systems, corporate culture, P-O fit and affective employee commitment.

The research theory is based on an extensive and rigorous literature review. It was tested in an empirical study composed of semi-structured interviews and quantitative research for which a new research tool has been created, consisting of England's (1967b) Personal Values Questionnaire (PVQ), Cameron and Quinn's (1999) Organizational Culture Assessment Instrument (OCAI), Posner et al.'s (1985) Shared Values Scale and Meyer and Allen's (1991) Affective Commitment Scale.

The present study contributes to the existing knowledge base by testing and validating this instrument for research in China. It takes stock of the currently prevailing hierarchy of personal values among executive managers, and establishes a relationship between the identified value preferences and types of organisational culture, as well as between the strength of such systems and levels of employee-organisation value congruency and affective employee commitment. It was further found that in the majority of sample firms both executive management teams and employees characterised their corporate culture as multi-dimensional.

Dedication

To my fatherly friend, Udo Schneider.

Acknowledgements

I owe a debt of gratitude to many individuals who greatly supported me along the way.

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My good friend Udo Schneider, to whom I dedicate this thesis, inspired me to embark on this journey in the first place.

Finally, my wife Karen and my children Luca and Jenny have been a source of great support, invaluable assistance and loving encouragement throughout this effort.

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Glossary of Terms and Abbreviations

This study combines several fields of investigation, and it was found that researchers often deploy the same terms with different meanings. A glossary of terms and frequently used abbreviations has thus been included for the reader's convenience. All scales and measure instruments are described in more detail in the methodology chapter.

Affective Commitment (AC): For Mowday, Steers and Porter (1979: 226), organisational commitment is “characterized by at least three related factors: (1) a strong belief in and acceptance of the organization's goals and values; (2) a willingness to exert considerable effort on behalf of the organization; and (3) a strong desire to maintain membership in the organization”. Meyer and Allen labelled this conceptualisation “affective commitment” (AC) (1984: 373). People with strong AC stay with an organisation because *they want to*.

Affective Commitment Scale (AC Scale): The Affective Commitment Scale is part of the Three-Component Model of commitment (TCM), and was first developed by Meyer and Allen (1984) as an eight-item scale which was later shortened to six items (Meyer et al., 1993; Allen and Meyer, 1996).

China, also People's Republic of China (PRC): The word China is used here in reference to Mainland China only, excluding Taiwan, Hong Kong and Macao.

Commitment is defined as “an internal force that binds an individual to a target (social or non-social) and/or to a course of action of relevance to that target” (Meyer, 2009: 39).

Competing Values Framework (CVF): Quinn and Rohrbaugh (1983) developed the Competing Values Framework to categorise general organisational phenomena in relation to organisational effectiveness. It distinguishes in two dimensions between stable versus flexible and external versus internal orientation. Cameron and Ettington (1988) adapted the model to describe four types of organisational culture: Clan, Hierarchy, Adhocracy and Market.

Continuance Commitment (CC): Building on Becker's (1960) Side Bet Theory, Meyer and Allen (1984: 372–4) identified the side bet phenomenon, a concept that refers to “anything of value [in which] the individual has invested (e.g., time, effort, money) that would be lost or deemed worthless at some perceived cost to the individual if he or she were to leave the organization”, as a form of commitment and named it “continuance commitment” (CC), i.e., commitment to continue a certain line of action

(Meyer and Allen, 1984: 373). People with strong CC stay with an organisation because *they need to*.

Normative Commitment (NC) was the third and last component to be included in the TCM. “The feeling of obligation to remain with an organization [...] results from the internalization of normative pressures. [...] [O]rganizations may provide new hires with socialization experiences that communicate to them that the organization expects and values employee loyalty” (Meyer and Allen, 1991: 77). People with strong NC stay with an organisation because *they think they ought to*.

Organizational Culture Assessment Instrument (OCAI): The Organizational Culture Assessment Instrument (OCAI) is a questionnaire based on the Competing Values Framework. It was originally developed by Cameron and Ettington (1988), and further enriched by Quinn and Spreitzer (1991), as well as by Cameron and Quinn (1999, 2006, 2011).

Organisational Culture (OC), also Corporate Culture, is defined by Reidenbach and Robin (1991: 273) as “the shared values and beliefs of organizational members, specifically beliefs about what works within an organization, and values about preferred end states and the [...] approaches used to reach them”.

Personal Values Questionnaire (PVQ): The Personal Values Questionnaire (PVQ) was developed by George England in 1967 to investigate the personal values of American managers. The instrument also proved to be useful in other cultures all over the world. In 1981 it was shortened and adapted by Posner and Munson, and is still considered to be the only value-research instrument with a specific focus on managerial values.

Personal Value System (PVS): A personal value system is “a relatively permanent perceptual framework which shapes and influences the general nature of an individual’s behavior” (England, 1967b: 54).

Person-Organisation fit (P-O fit) is commonly defined as the perception of “the congruence of the personality traits, beliefs, and values of the employee with that of the culture, strategic needs, norms, and values of the organization” (Adkins et al., 1994: 605; see also Kristof-Brown et al., 2005).

Private-Owned Enterprise (POE): Domestic privately owned enterprises are frequently described as incredibly small, often undercapitalised, family-like structures

(e.g. Hofstede, 1993; Ralston et al., 2006b; Büschgens et al., 2013). They “produce goods and services primarily for domestic markets” (Ralston et al., 2006b: 827).

Shared Values Scale (SV Scale): The Shared Values Scale was developed by Posner, Kouzes and Schmidt (1985). It consists of two items and measures the extent to which employees share the values of their company, a concept also called person-organisation fit.

State-Owned Enterprise (SOE): Chinese SOEs “were wholly owned by the state until early 1990s”. With the business reforms they lost much of their importance but “still contribute a significant share to the economy’s output” (Ralston et al., 2006b: 827).

Three-Component Model (TCM): The TCM was developed by Meyer and Allen in 1991 and assumes that commitment is a three-dimensional concept, consisting of the components affective, continuance and normative commitment, which can be experienced to varying degrees (Meyer and Allen, 1991: 67). In the past decade, it “has been the dominant framework for OC research [...]” (Cheng and Stockdale, 2003: 466).

Values: “The term ‘values’ has been used variously to refer to interests, pleasures, likes, preferences, duties, moral obligations, desires, wants, goals, needs, aversions and attractions, and many kinds of selective orientations” (Williams, 1979: 16) and overlaps “with other related attitudinal concepts such as attitudes, beliefs, opinions, habits, dispositions, and intentions” (Nomikos, 1984: 1). For the purposes of this thesis, values are defined as being organised into value systems in accordance with England’s (1967b: 54) approach.

1 Introduction

1.1 Background

“The number of private enterprises in China [in 2012] exceeded 8.4 million” (Fu and Deshpande, 2012: 301). For the Greater Beijing city area, the number of registered private companies in 2013 was reported at over 673,000, employing a total of over 6.4 million people (source: Beijing City municipal government; state and local tax authorities, 08/2015). This study is mainly concerned with companies in the service sector, to which the majority of private Chinese organisations belong, but which only “few researchers have focused on” so far (He et al., 2011: 201). Overall, the private sector is of growing importance to the general economic development of the PRC (Gong et al., 2006; Li and Yang, 2006), which is at least partially matched by an increased research interest in such companies (e.g. Fu and Deshpande, 2012; Chin, 2014; Chan and Mak, 2014).

With the rise of private Chinese companies, a new group of business leaders has stepped into the limelight. They themselves and their companies need to undergo a continuous process of adjustment in order to become or stay successful. Recent studies (e.g. He et al., 2011: 198; Hofman and Newman, 2014: 646) have acknowledged that managers in privately owned companies in China are confronted with disproportionately high employee turnover rates. This state of affairs may partly be explained by the fact that many of the tools used to motivate employees that are available to managers in state-owned enterprises (SOEs) are not at the disposal of managers in private Chinese companies: government-sponsored housing projects, special healthcare packages, company-owned hospitals, childcare arrangements and special pension funds, to name only a few (Liu, 2003). Besides, private Chinese companies are often excluded from financial support by the government-owned banking system (Boisot and Child, 1996).

The author of this thesis has lived and worked in the Beijing area for more than 25 years, serving as executive manager in multi-national as well as medium-sized companies. Based on a wealth of personal experiences and daily observations, the researcher realised that success for western and Chinese managers alike depended to a large degree on their ability to motivate, encourage and ultimately retain their Chinese employees over extended periods of time.

The literature refers to the personal values of managers as managerial values. Studies have shown that the managerial values encountered in samples from different organisations, industries and even countries are actually quite similar (England, 1967b, 1975; Chin et al., 2013). Personal value systems are mainly established by (1) sociocultural conditioning and (2) by belonging to societal subgroups, such as the group of corporate managers (Posner and Schmidt, 1984, 1992a; Posner, 2009). Personal values in general were found to change only slowly over the course of time (Oliver, 1999; Posner, 2010b), although exceptional times of dramatic societal and economical transformations tend to speed up such value change processes (Ralston et al., 2006a; Weber, 2015). It is thus the question whether the personal value systems of executive managers in private Chinese companies exhibit more similarities than differences, and whether these executive managers share a unique set of values as a team.

In accordance with one of the most influential theoretical approaches (Quinn and Rohrbaugh, 1983; Cameron and Quinn, 2011), this study distinguishes between four types of corporate culture. The culture system of an organisation can be a substantial source for strategic success (Schein, 2010), but also for failure (Engelen et al., 2014). Executives are generally in a good position to actively form and/or implement culture systems, whereas employees usually have to adjust their own value systems to those of their organisations. The closer both executives and employees are connected to the culture of their organisations, the greater the strength of this culture system and, presumably, the greater its economic success.

Both the levels of value congruency between the employees and the organisation (Van Vianen, 2000; Van Vianen et al., 2008, 2011) and of affective employee commitment (Meyer and Allen, 1991; Meyer and Maltin, 2010; Fu and Deshpande, 2014) are described in the literature as useful and relevant indicators of how close to their organisations individual employees perceive themselves to be. In most cases, employees will have to go through a value adjustment process before they achieve a state of value congruency. If successful, such a process can make an employee feel respected and motivated in his or her working environment; if unsuccessful, it can result in high rates of employee absence and consequently in employees leaving firms, thus wasting the corporate investment in them (Posner, 2010a). Employees with a high degree of affective commitment work more efficiently, for longer hours, and show higher degrees of responsibility, for example.

This study aims to encourage business executives to consciously and purposefully tap into their own personal values as a powerful source for success in the workplace. Leading by good example on a foundation of personal values which are consistently implemented throughout the daily work routine helps create trust in leadership and committed employees (Malbašić et al., 2015). The result is likely to be a tangible competitive advantage.

In this study, quantitative methods such as correlation and regression analyses were used to investigate potential relationships between the PVS of executives of private Chinese companies, the type of culture in their respective organisations, as well as the levels of value congruency and affective commitment on the employee side. Furthermore, qualitative methods were used to reconfirm quantitative data and to further explore the established correlations. A formal research theory was developed and tested. The basic research framework is shown in figure 1.1.

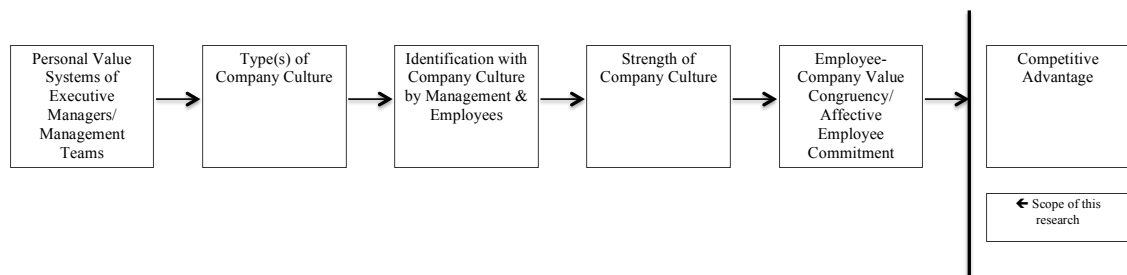


Figure 1.1 – Basic Research Framework (source: author)

1.2 Research Question

The research question is:

What are the personal value systems of the members of executive management teams in private companies in China, and how do they influence the moulding of organisational culture, the levels of employee value congruency and affective employee commitment?

1.3 Thesis Structure

This thesis is presented in eight chapters. It is based on an extensive literature review in both western and Chinese contexts, which encompasses topics as diverse as cultural values research, personal value systems of managers, organisational culture,

commitment, person-organisation fit and value congruency, including material originally published in the Chinese language only.

Chapter 1 – Introduction

Chapter 2 – Literature Review on Managerial Values, Organisational Culture, Person-Organisation Fit and Commitment

Chapter 3 – Literature Review on Managerial Values, Organisational Culture, Person-Organisation Fit and Commitment in a Chinese Context

Chapter 4 – Literature Synthesis and Development of the Basic Theory

Chapter 5 – Research Method

Chapter 6 – Pilot Study and Formal Research Theory

Chapter 7 – Results

Chapter 8 – Discussion, Contributions and Proposals for Further Research

1.4 Summary

This study focuses on the relationship between the personal value systems of a given company's executive management team, the strength of the organisational culture of that company and the levels of value congruency between the employees and the organisation as well as of affective employee commitment.

The formal research model was tested with data obtained from executive managers and employees of private Chinese companies registered in the Beijing area of the People's Republic of China.

Based on an extensive literature review, as well as both quantitative and qualitative research methods, this study concludes that the personal values of executive managers in privately owned Chinese companies have a profound influence on the characteristics of the culture systems in their organisations. Results further indicate that the strength of the culture system has implications for the levels of employee-organisation value congruency and affective employee commitment.

2 Literature Review on Managerial Values, Organisational Culture, Person-Organisation Fit and Commitment

2.1 Introduction

This chapter reviews the literature on personal and cultural values, and develops the concept of personal value systems (PVS) of managers. Further to this, the literature on organisational culture, person-organisation fit and employee commitment in the work-environment is evaluated. The purpose of this chapter is to introduce these central concepts in the western research context from which they originated in order to lay the necessary groundwork for their subsequent discussion in a Chinese context.

2.2 Values

Some managers might not be aware of the significance of values, but they are always present: In fact, they are part of each personal selection process, subconsciously performed and managed by our mind. They determine our perception of right or wrong, and are crucial for our survival: “Our values comprise the things that are most important to us. They are the deep-seated, pervasive standards that influence almost every aspect of our lives: our moral judgements, our responses to others, our commitments to personal and organizational goals” (Posner et al., 1985: 294).

Leading researchers see the development of human values as part of our natural heritage. Schwartz and Bilsky (1987: 551), for example, claimed that “[v]alues are cognitive representations of three types of universal human requirements: biologically based needs of the organism, social interactional requirements for interpersonal coordination, and social institutional demands for group welfare and survival [...]”.

Values are notoriously hard to trace, and social scientists have found it difficult to agree on a concise definition. Consequently, “the term ‘values’ has been used variously to refer to interests, pleasures, likes, preferences, duties, moral obligations, desires, wants, goals, needs, aversions and attractions, and many kinds of selective orientations [...]” (Williams, 1979: 16), and overlaps “with other related attitudinal concepts such as attitudes, beliefs, opinions, habits, dispositions, and intentions” (Nomikos, 1984: 1).

2.2.1 Personal Values

The study of values can be traced back to the teachings of Socrates, Plato and Aristotle (Hemingway, 2005: 240). Confucius, who identified several cardinal virtues (or values) that emphasise relationships and include, for example, loyalty, piety and etiquette, plays an equally seminal role in eastern philosophy. The Christian tradition, in contrast, subscribed to the four ancient cardinal virtues of knowledge or wisdom, justice, fortitude and temperance, and added faith, hope and love, now known as theological virtues. The general idea of virtues is arguably a global concept, but which specific values are considered to be the most important ones ultimately depends on sociocultural affiliation.

The basic theological virtues did not change much over the centuries. With the beginning of modern history, however, major developments in moral philosophy started to take place. The Italian Niccolò Machiavelli, for example, separated ethics from politics in *The Prince* (1513), although the two had been seen as a single entity from the days of antiquity. In Machiavelli's opinion, the classical virtues and morals did not apply to sovereigns, as the ideal state had nothing in common with reality (Kunzmann et al., 2009: 101). It could thus be argued that Machiavelli was the first philosopher to claim that 'business' values differ – and have to differ – from normative virtues, i.e., the values that are held or ought to be held by 'ordinary people'.

Value studies have gone in and out of fashion (Hitlin and Piliavin, 2004), "leading to gaps in the literature" (Weber, 2015: 493). They first entered the field of psychology through the research of Eduard Spranger. In *Types of Men* (German title: *Lebensformen*, 1925), he identified six value attitudes which later provided the basis for the first serious value-measurement instrument – the Study of Values (SOV), a questionnaire originally developed by Vernon and Allport in 1931 and revised in 1951 and 1960 by Allport, Vernon and Lindzey. This questionnaire is also known as the Allport-Vernon-Lindzey Study of Values (Allport et al., 1951, 1960).

Over the course of several decades, the anthropologist Clyde Kluckhohn (e.g. Albert and Kluckhohn, 1959) attempted to "put value studies on a firm conceptual footing" (Rescher, 1969). Some ten years later, the psychologist and sociologist Milton Rokeach created, on the basis of Kluckhohn's work, a new value-research tool (the Rokeach

Values Survey), which introduced a ranking of values, and which further developed Aristotle's distinction between instrumental and terminal values (Rokeach, 1973). Researchers such as the Dutch social psychologist Geert Hofstede, who conducted extensive research on cultural values (e.g. Hofstede, 1980), followed in Rokeach's footsteps. Similarly, Shalom W. Schwartz built on the work of Kluckhohn, Rokeach and Hofstede and designed value surveys to support his theory of a shared worldwide value system (e.g. Schwartz and Bilsky, 1987; Schwartz, 1992).

The groundbreaking research by Spranger (1925) and Vernon and Allport (1931) not only influenced social studies, but found its way into economics as well. Some researchers looked into the relationship between personal values and decision-making (e.g. Learned et al., 1959) or corporate strategy (e.g. Guth and Tagiuri, 1965). Others, like George W. England, examined managers' personal value systems in many different countries (e.g. England, 1967b, 1968, 1975). In turn, England's work was developed further by Posner and Schmidt (e.g. Posner and Schmidt, 1984, 1992b; Posner, 2010b) and tested in additional countries by, for example, Askar (1979), Nomikos (1984) and Sokoya (1993).

Defining Personal Values

A thorough literature search yielded no standardised definition of values. This is, perhaps, because (1) many academic disciplines are involved in value research and (2) because researchers apply different definitions to the same constructs, as there is no unified understanding of the purpose of value research across the different fields of study (Hofstede, 1998a: 20).

Regarding business studies, several fields of academic inquiry have quite evidently exerted their influence, as a brief look at some of the most frequently cited definitions of values makes clear. Kluckhohn, for example, understood values as conceptions of what is desirable, adding that "there is nothing, which cannot be – which has not been – 'valued' by someone in some situation" (Kluckhohn, 1959: 390). His view was shared, among others, by business strategist Ingolf Bamberger (1986), who argued that values are abstract ideals, and by sociologist Shalom H. Schwartz, who also saw them as guiding principles in people's lives.

Geert Hofstede (1980: 19) conceptualised values more generally as a “broad tendency to prefer certain states of affairs over others”. Milton Rokeach (1970: 124) agreed that values guide actions and judgements, but divided them into “modes of conduct and ideal terminal modes”, thus following a philosophical approach. His view was shared by, for example, Meglino and Ravlin (1998: 353). Assuming a philosophical perspective, other researchers understood values in the sense of virtues, as social principles and standards that have intrinsic worth (Hatch and Cunliffe, 2006), and claimed that values create expectations as to how individuals should behave (Suar and Khuntia, 2010).

In keeping with Williams (1979) as well as with Cheng and Fleischmann (2010), the study at hand conceptualises personal values as a psychological construct, representing preferences for certain interests, pleasures, moral obligations, goals, needs, etc., but also as a key antecedent to decision-making.

Despite the rich variety of divergent definitions, there is widespread agreement that it is important to differentiate between attitudes and values. England (1967b: 54) considered values to be more stable and permanent than attitudes, and “less tied to any specific object”. Rokeach (1970: 157, 162) explained: “While attitude and value are both widely assumed to be determinants of social behaviour, value is the determinant of attitude as well as behaviour [...]. The distinctions suggest that an adult possesses thousands and perhaps tens of thousands of attitudes toward specific objects and situations, but only several dozens of instrumental values and perhaps only a handful of terminal values”. This view was supported by Williams (1979: 22), who argued that “relatively few major value dimensions can constitute the organizing principles for thousands of specific beliefs and attitudes”.

Many studies have confirmed in one way or another that value judgements are “selective and discriminative ways of responding” (Kluckhohn, 1959: 390); that values have “the power to select, filter, and influence interpretation of what one sees and hears” (England and Keaveny, 1969: 64); that they “can be thought of as the guidance system a personality uses when faced with choices of alternatives” (Guth and Tagiuri, 1965: 125); and that values are “at the core of who people are [and that] they influence the choices they make, the people they trust, the appeals they respond to, and the way people invest their time and energy” (Posner, 2010b: 457).

According to existing research, personal values are thus phenomena that are not easily essentialised. They are complex constructs, not directly observable, but nonetheless of enormous importance for humans on both the individual as well as on the social level, and they are crucial factors in decision-making.

Following England's (1967b: 54) approach, this thesis understands values as being organised into value systems, which are "viewed as a relatively permanent perceptual framework which shapes and influences the general nature of an individual's behavior".

The Centrality of the Personal Values Concept

Understanding personal values as a central principle of human behaviour (e.g. McMurry, 1963: 142; Ravlin and Meglino, 1987: 156; Bradley et al., 2013: 850; Weber, 2015: 493) is an essential prerequisite for understanding the usefulness of conducting research on the topic. Our personal values determine what we like or dislike, what we want to do or refuse to do, which strategy managers prefer, and which they discard. As O'Reilly, Chatman and Caldwell (1991: 491–2, emphasis added) observed, "values, whether conscious or unconscious, typically act as the *defining elements* around which norms, symbols, rituals, and other cultural activities revolve" (see also Agle et al., 1999: 511; Argandoña, 2003: 16). Values also occupy such a central position in our behaviour because they "affect our view of the future and about other people, and ultimately our willingness to commit to organizational and community responsibilities" (Posner and Schmidt, 1992b: 93).

Although some sceptical voices are to be found in the corpus of existing research – e.g. Williams (1979: 28), who called the idea "that all behaviour is merely an expression of values with no other determinants" an "absurd claim" – the overwhelming majority of studies on values subscribes to the notion of values as key factors influencing human behaviour.

The central role of personal values is especially evident in the context of the human decision-making process. The literature is nearly unanimous in asserting the relevance of a person's value system to his or her decisions. England (1967b, 1975), Hofstede (1980, 1998a), Bamberger (1986), O'Reilly et al. (1991), Meglino and Ravlin (1998), Egri and Ralston (2004), Ralston et al. (2006a), Bruno and Lay (2008), Fu et al. (2010),

Posner (2010a, b), Thomas (2013) and Upadhyay et al. (2013) are just a handful of the many researchers who have contributed to the huge volume of studies in this area, exploring the substantial influence of values on decision-making from different angles.

Similar to England's (1967a, b) findings, recent research (Chin et al., 2013: 199) has confirmed that "values are likely to enter into executives' actions both consciously and subconsciously, through declared and undeclared intentions and 'creep' and 'seep' into their organizations' profiles". England et al. (1967b: 54) referred to these two processes as "behavior channeling" (direct influence) and "perceptual screening" (indirect influence).

In fact, the decision-making process is what makes the scientific observation of values possible in the first place: Since values most often operate on a subconscious level, their outward expression is the only part that can actually be observed. Values become "visible only in the ways through which [they] manifest themselves" (Posner, 2010a: 536). Consequently, values are very hard to measure, because they are not directly accessible. Manifestations of values are preferences and decisions for one option over another, observable only in people's behaviour. What researchers *can* observe are the "facts we examine with care and which [ones] we pass over; which options for action we look upon with favour from the start and which we reject out of hand" (Posner and Schmidt, 1992b: 93). Values determine these facts and options.

Personal Value Systems

Researchers agree that the organisation of values into a structure is of crucial importance to the efficiency of personal values as the central principle of decision-making. Locke (1991: 291) argued: "Since a person can only take, in effect, one action at a time, a person who did not have any hierarchy of values would be paralyzed by conflict and would be unable to act at all or to sustain an action once taken".

Spranger's (1925) classification of six fundamental types of subjective evaluations, or *Lebensformen*, was one of the very first workable attempts to outline a structure of values. Spranger identified theoretical, economic, aesthetic, social, political and religious values as the basic framework of this structure. Kluckhohn (1959: 420) suspected the existence of priority values, but cautioned against "invoking the image of

a pyramid of values, a neat systematic hierarchy”. He distinguished between isolated and integrated values, of which only the latter could possibly form part of a “pyramiding network”.

George England (1967a, b), who is still considered one of the leading researchers on managerial values (Bradley et al., 2013; Chin et al., 2013), posited the existence of several overlapping classes of values. He defined potential values as the total value space, i.e., as all possible values that might be held by an individual or by a specific group of people, and argued that these potential values are made up of two classes: (1) conceived values (those that may be translated from the intentional state into behaviour), and (2) non-relevant or weak values (those that have little or no impact on behaviour). Conceived values are made up of (1) operative values (those that have a relatively high probability of being translated from the intentional state into actual behaviour), of (2) intended values (those that are viewed as important, but have only a moderate probability of being translated from the intentional state into behaviour due to situational factors) and of (3) adopted values (those that are not an integral part of the individual’s personality structure, and affect behaviour largely because of situational factors). England thus described a value structure organised along the lines of increasing behavioural relevance.

He presented his theoretical approach in the following schematic form:

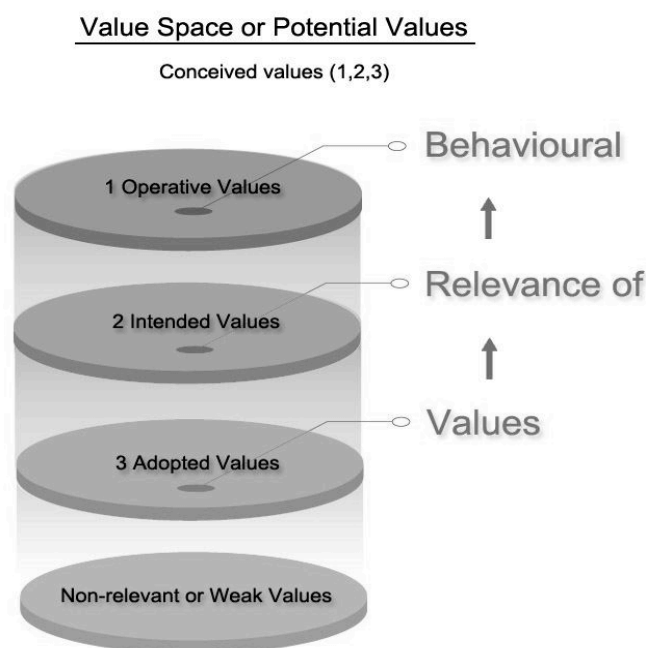


Figure 2.1 – Value Space or Potential Values (adapted from: England, 1978: 36)

Milton Rokeach (1970: 161) agreed that value systems imply “a rank-ordering of values along a continuum of importance”. He differentiated between terminal and instrumental values, describing the former as being self-sufficient end-states of existence (e.g. happiness), and the latter as either preferable modes of behaviour (e.g. helpfulness) or means to achieve the former.

How Personal Values Are Obtained

There is broad agreement in the literature over the issue of how personal values are obtained: (1) by adapting to the sociocultural environment during an individual’s first years of life, and (2) by belonging to different interest groups as an adolescent and as a grown-up (e.g. Westwood and Posner, 1997).

Researchers are quite unanimous in their view that the first years of life in particular are the time when the formation of core personal values takes place (Hofstede, 1998a; Meglino and Ravlin, 1998; Ralston et al., 2006a).

Normally, basic values are acquired via “the way in which children are raised by their parents. Existing cultural values are reinforced through the education system, through children’s stories, and (in modern societies) the media” (Guerrier and MacMillan, 1981: 23; see also Guth and Tagiuri, 1965: 125 and Westwood and Posner, 1997: 34). This learning or adaptation process can be divided into three separate steps: (1) transmission, when adults impart their values to their children; (2) understanding/learning/experiencing; and (3) internalising, i.e., when the formerly alien, unknown values become one’s own.

Overall, as Lee had already observed in 1942 (77), the internalising process is facilitated for an individual by the obvious benefit he or she gains from participating in it. Lee found “that from infancy each social being derives an active satisfaction from participating in the values of his society, and that this satisfaction lies at the basis both of acquiring social values and of acting according to them, choosing a course of action”. Hemingway (2005: 241) related the satisfaction that results from the acquisition of values to their “dual purpose”: “the enhancing of the sense of self and also of the welfare of the society”.

As the families into which human beings are born in turn belong to greater clan structures of different shapes and sizes, e.g. peoples and nations, personal values are “generally related to the collective values of the larger culture” (Posner and Westwood, 1995: 198). This view is supported by Ralston et al. (1996: 82), who observed that “the values and behaviours of individuals evolve from the influences of their infrastructure – the most basic component of a society”. Factors like “cultural and socioeconomic background, accumulated knowledge and intellectual skills, and educational and professional training” (Abbasi and Hollman, 1987: 46) are seen as particularly important in the formation process of personal value systems. There seems to be some evidence in support of the notion that sociocultural value variations as reflected in personal value systems do lead to measurable competitive differences between nations, companies and managers: According to Bradley et al. (2013: 843–4), for example, “Portugal filed fewer than eight applications for each million inhabitants with the European Patent office in 2010, Spain 31, Italy 67, and Ireland 112 while Germany filed 335 applications”.

Hofstede (1998a: 20) believed that the initial process of developing personal values is probably concluded between the ages of 10 and 12. By the time one reaches one’s late teens, “most of an individual’s values are entrenched” (Thompson and Thompson, 1990: 83).

Still, this does not mean that the development of an individual’s personal value system is totally complete, since a young person does not suddenly cease to encounter (new) values. Posner and Schmidt (1994) and Sokoya (1993) called this second group of values “sub-cultural and role-dependent”. Managerial values, for example, are one typical example for such a sub-cultural value system (Bruno and Lay, 2007).

According to Hofstede (1998a: 20), however, these newly acquired values will most likely not become as deeply entrenched and permanent as the core or basic value set the individual learned as a child. Nevertheless, these new values can be expected to have a strong influence.

Each time the young individual is confronted with a new sub-cultural environment, he or she goes through the three-step value-obtaining process outlined above. During such adjustments, certain values may shift to another place in that person’s overall hierarchy

of values. Some values might be more important to one's current situation in life, while others are less relevant and, at least for the time being, are buried deep in the labyrinth of the human subconscious.

If the process of accustomisation succeeds, the individual in question will in all probability develop a sense of belonging, and will thrive in his or her new environment. Sagiv and Schwartz (2000: 186, 194), for example, found people "more likely to experience positive well-being when they can express and fulfil their values [...], when they emphasize the same values that prevail in the environment, and when they inhabit an environment that allows them to attain the goals to which their values are directed" (see also Meglino and Ravlin, 1998: 356). If the individual fails to adjust to the new value system, however, he or she may never be able to realise his or her full potential, and consequently might leave the subgroup altogether (Posner, 2010b).

Individuals are also born into societal subgroups, which exist in various dimensions. A generation, for example, "is one type of national subculture that reflects the value priorities emphasized during a country's particular historical period" (Egri and Ralston, 2004: 210); another subgroup of a similar dimension is gender. The existing value systems of societal subgroups influence a person's values from an early age, become part of a person's identity, and tend to be relatively stable over time. Other subgroups, like that of managers or MBA students, can be joined and left more easily, making it likely that their values do not become as deeply entrenched in a person's value system as those encountered in younger years.

Any given society contains many different subgroups with distinct value systems. In an earlier study, McMurtry (1963: 132) described the risks involved if human societies are not able (or not willing) to accept the existence of more than one value system: "The more important a value to us", he wrote, "the more likely we are to believe that it is indisputably the *right* one. In extreme cases, the person believes anyone who possesses values other than his must be set right, using persuasion or logic; failing in this, through imposition by force". Sagiv and Schwartz (1995: 437) confirmed this essential aspect: "Perceptions that another group has values different from one's own or that this other group blocks cherished values have been found to predict intergroup prejudice and readiness for aggression". In a similar vein, Williams (1979: 25) warned that "we must

never lose sight of the fact that values are continually used as weapons in social struggles”.

Even though basic values tend to be a relatively permanent and stable construct (England, 1967b, 1975), “[a] person’s value system may undergo change as a result of socialization, therapy, [or] cultural upheaval” (Rokeach, 1973: 37). There is a number of studies that have tested and re-tested for value changes in individuals over long intervals, e.g. Lusk and Oliver (1974), Posner and Schmidt (1984, 1992b), Oliver (1999) and Posner (2010b). As personal values are based on sociocultural experiences, societal change entails change in personal value systems.

Just like cultural or social values, personal value systems appear to be relatively stable, yet they are capable of evolving and open to change, slow as it may be (Tung, 1996: 224; Egri and Ralston, 2004: 210; Busse et al., 2015: 182). Echoing this idea, Meglino and Ravlin (1998: 356) wrote: “If societies were unstable, social order would be impossible; if they were completely stable, evolution would be impossible”. Similarly, Grojean et al. (2004: 226) concluded that “values are stable enough to reflect continuity [and] yet unstable enough to permit rearrangements of value priorities as a result of changes in culture, society, and personal experiences”.

Ralston et al. (2006a) provided some “evidence of substantial values system evolution over a relatively *short period of time*” (2006a: 89–90, emphasis added). Covering a 12-year period from 1989 to 2001 and involving managers from the PRC, the USA and Hong Kong, their research was conducted during a time that, at least for Chinese managers, was one of cultural and economic upheaval. During this period, Chinese society went through dramatic changes, with the economy and related areas being particularly affected. Accordingly, Chinese managers had to adjust their priorities, and, as Ralston et al. demonstrated, their cultural values.

In summary, the existing body of studies from 1925 to 2016 does not provide us with a single standardised concept of value structures. Different schools of thought favour different models. When it comes to managers’ personal values, however, England’s theoretical framework is widely held to represent a very suitable approach (Cheng and Fleischmann, 2010). Furthermore, researchers do concur that one of the most important reasons to carry out value-centred research in general, and in business-related matters in

particular, is the profound effect of personal values on human behaviour and the decision-making process (Roccas and Sagiv, 2010; Wang, Gao et al., 2015).

Personal values are transmitted to new members of a society in early childhood, for example through the telling of traditional stories, the introduction of norms and the imitation of examples of good behaviour. Once a value system is established, it tends to be relatively stable over the course of a person's life. During adulthood, an individual must be able to adapt to the additional value systems of societal subgroups he or she wishes or needs to join. This adaptation process is an indispensable precondition for a person's acceptance into the respective societal subgroup. Failing to accept the new values may lead to exclusion, since values are frequently used to justify social conflicts and divisions. A very influential societal subgroup is the managerial class, which, among other characteristics, is characterised by a specific personal value system (Nelson, 2014: 57). In the following subsection, managerial value systems will be discussed in some detail.

2.2.2 Managerial Values

According to the *Oxford English Dictionary*, the terms 'manage', 'management' and 'manager' started to appear in the English language as early as the 16th century. In his play *Love's Labour's Lost* (1598), Shakespeare used the word 'manager' in reference to a person who oversees something specific, such as the handling of a weapon. The present-day usage of 'manager' in the sense of 'business administrator' exists since the late 17th century.

Research on managers' personal value systems commenced about 50 years ago, with studies conducted in the USA (e.g. England, 1967a, b; Lusk and Oliver, 1974). Shortly afterwards, the first comparative studies using international management samples were successfully carried out (e.g. England, 1973, 1975; Askar, 1979; Nomikos, 1984; Danandjaja, 1987; Sokoya, 1993; Ralston and various teams, 1992–2011; Westwood and Posner, 1997).

Guth and Tagiuri (1965) were the first to correlate managerial values to the organisational strategy development process. Others (e.g. McMurry, 1963; England, 1967b; Connor and Becker, 1975; Ravlin and Meglino, 1987; Ralston et al., 1993a)

established the influence of managerial values on decision-making in organisations. England (1967b, 1973, 1975), Rokeach (1970, 1973), Schwartz (1994a, 1996), Oliver (1999) and Posner (2010b) sought to identify the individual items of which managerial value systems consisted.

Recent studies have focused on the specific relationships between managerial values and, for example, managers' ethical behaviour (Hemingway and MacLagan, 2004; Hemingway, 2005), leadership effectiveness (Bruno and Lay, 2008), value changes over time (Posner, 2009), leadership style (Fu et al., 2010), as well as leadership style and commitment (Newman and Butler, 2014).

In the past 50 years, strong scientific evidence has emerged in support of the notion that personal value systems determine how managers evaluate information (Abbasi and Hollman, 1987; White et al., 2003); approach strategies (Guth and Tagiuri, 1965; Hambrick and Mason, 1984; Hambrick, 2007); achieve success and competitive strength for their organisations (McClelland, 1961; Ghosal, 2005; Bradley et al., 2013); generally behave on the job (England, 1967b, 1975; Ralston et al., 2006a; Posner, 2009); model their leadership styles (Bruno and Lay, 2008; Dahl et al., 2012); and motivate employees to develop commitment (Fu et al., 2010; Lan et al., 2013). Taken together, these different research foci reflect the wide range of activities that collectively constitute the multifaceted role of a manager in today's highly complex organisational environments.

In the current social system of the developed world, managers constitute one of the most powerful and dominant subgroups. Management processes can be found everywhere: Election campaigns for politicians need to be managed; nuclear aircraft carriers, with staff as numerous as the populations of small towns, need managerial oversight; universities and other educational institutions are managed for profitability; complex technological ecosystems like the World Wide Web were thought out by technical geniuses, but are controlled by professional managers.

Posner and Schmidt (1992b: 81, emphasis in text) referred to managers' personal values as "the *silent* power in personal and organizational life" – a silent power with the potential to have tremendous impact. Managers are given what Hemingway and MacLagan (2004: 39) called "the exercise of managerial discretion", that is, "the

freedom to decide what should be done in a particular situation”. With such “freedom” come many responsibilities, i.e., the responsibility to do the right thing for the organisation, the individual and ultimately the world. While political and military leaders were generally the only ones in positions to decide human fates in great numbers throughout the course of human history, this power is now shared to a great extent with business leaders. Decision-making on the basis of managerial value systems has reached a level of significance previously unknown. The imminent dangers of a scenario in which this enormous responsibility is handled less than carefully were made plain by the spectacular market crash of 2008.

The Significance of Managerial Values

In 1984, Hambrick and Mason first published what they called the Upper Echelons Theory, arguing that “(1) executives act on the basis of their personalized interpretations of the strategic situations they face, and (2) these personalized construals are a function of the executives’ experiences, personalities, and values” (Hambrick, 2007: 334). The Upper Echelons Theory, positively evaluated in many recent studies (e.g. Dahl et al., 2012; Bradley et al., 2013; Chin et al., 2013), considerably helped to establish the significance of value systems for the managerial decision-making process. Executives make their decisions on the basis of their experiences, personalities and personal value systems. As shown above, human beings develop personal experiences and personality traits by growing up in their respective societies, which are in turn grounded on value systems. Accordingly, a general tendency for empirical studies to find “a moderate to strong link of values to behaviour” (Weber, 2015: 494) has been observed. In effect, this means that both societal and personal values are the key determinants of the managerial decision-making process.

Whilst “market conditions, internal resources, [and] the political, legal, as well as economical systems” all have a relevant influence on organisational decision-making processes (Bamberger, 1986: 61), managerial value systems appear to be the most crucial determinants in this respect (Wang, Gao et al., 2015).

Characteristic Managerial Value Orientations

As discussed above, managers' personal value systems are made up of individual core values, cultural core values and "other values derived from their particular experiences and the roles they have come to occupy. In particular, their experience as 'managers' exposes them to a business/management sub-culture" (Westwood and Posner, 1997: 36).

As managers constitute a societal subgroup, it can be assumed that the "value sets of managers within a given culture [...] [are] similarly structured" (Westwood and Posner, 1997: 36). Sokoya (1993: 70) found evidence "that some of the peculiarities of the subculture (i.e., managers) influences [*sic*] the personal value orientation of the subjects studied". Posner and Schmidt (1984: 205) spoke of a "managerial psyche" after finding "striking similarities [...] in ranking of organizational goals across managers at different levels in their organizations and across hundreds of different organizations". Successful managers are achievement-oriented, "value a dynamic environment and [are] willing to take risks" (England, 1978: 40). According to Nelson (2014: 57), "the managerial cluster holds some values which no other group favors". In becoming managers, individuals apparently internalise a set of values that is specific to their new societal subgroup.

Comparing the personal values of US managers in 1966 and 1972, George England found that the "[d]ifferences between the value systems of the [...] managers were very small" (1978: 39). He concluded that "personal value systems of managers are relatively stable and do not change rapidly [...] even during periods of major environmental and social flux" (1978: 39). This characteristic was also confirmed by Oliver (1999: 152), who found that in two studies 30 years apart, "only three of the sixty-six value-concepts tested for (less than 5%) changed grouping". Posner (2010b), too, discovered only minor changes in value priorities between samples of managers in his 1981 and 2007 studies: The value constructs Subordinates and Employees became more important than the category Myself, which had previously ranked much higher (2010b: 460–1). In a very recent study with German and Chinese managers, Busse et al. (2015: 182) identified age, job tenure and the business sector as potentially relevant causes for changes in value orientations.

In the North American context, England (1967b) was probably the first researcher who seriously attempted to identify managers' personal value systems and their specific characteristics. "As a total group", England (1967b: 58) wrote, "[US] managers' primary [value] orientations are pragmatic; that is, when managers view some concepts as important they also tend to view it as successful". In their study of American city managers, Abbasi and Hollman (1987: 50) identified similar primary value orientations among all of their sample managers: "We are considering managers as a group. Of those with crystallized value systems, 38 per cent show a mixed value orientation and 32 per cent are pragmatically oriented". Comparably, Watson and Barone's (1976: 42) study on personal value systems of both White and African-American owner-managers demonstrated that "the primary value orientation of both groups of managers was pragmatic".

In an international context, a more recent study with managers from Brazil (Bruno and Lay, 2007: 678) found that "managers as a group tend to emphasize the importance of economic, or practical ends, [which] is intuitively appealing [since] the job managing reinforces the pragmatic [value] orientation", thus confirming earlier studies with, for example, Greek managers (Nomikos, 1984: 78), Indonesian managers (Danandjaja, 1987: 4) and Nigerian managers (Sokoya, 1993: 65). England himself (1968: 7) argued that Korean managers "are best described as pragmatically oriented", as are Japanese managers, whose "primary orientations are pragmatic" as well (England and Koike, 1970: 31).

Although England's own research (e.g. 1967b, 1973, 1975, 1978) and research based on his concept (e.g. Lusk and Oliver, 1974; Oliver, 1999) made clear that managers are in most cases rather pragmatically oriented, England also admitted "that there is endless variation when we look at the personal value systems of each individual manager" (England, 1967b: 66; see also England, 1978: 39). This evaluation was confirmed by Bradley et al. (2013: 842), who spoke of the "configuration of values [or] its unique bundle" that is responsible for variation in regional management styles and differences in terms of competitive strength.

Summarising research on managerial values from the late 1960s to the 1980s, Whitely and England (1980: 78) stated that "pragmatism and moralism are the two major value orientations that have been observed among managers. Pragmatic managers generally

assign an instrumental or ‘success’ meaning to stimuli and give greater weight to stimuli indicating the potential consequences of action”.

The drive to become successful, to achieve their objectives and to make their own organisation stronger than their competitors’, is deeply embedded in the personal value systems of persons in positions of managerial leadership. In fact, it is due to precisely these personal characteristics that executives have been hired to lead companies in the first place.

In summary, when doing what they do, managers take into account external and internal environmental factors – that is, they look at numbers and statistics, and listen to and consider other stakeholder opinions –, but they ultimately follow their subconscious preferences, which are determined by their value systems. Indeed, “values affect not only the perceptions of appropriate ends, but also the perceptions of the appropriate means to those ends” (Bruno and Lay, 2007: 679).

Knowing a manager’s personal values can thus shed light on that person’s managerial behaviour, explaining it and making it predictable to a certain extent. Managers as a societal subgroup follow a set of identifiable values that is similar in many different sociocultural environments. Managerial values determine decision-making behaviour, and can ultimately influence the success of the organisation as a whole. Consequently, this means that personal values “help determine conceptions of what is desirable in the organisation, the state of affairs managers want to see prevail, and ideas about right and proper methods for achieving these objectives. Today values are acknowledged as the bedrock of corporate culture and organisational vitality” (Westwood and Posner, 1997: 33–4).

2.2.3 Corporate Values

In the 1960s, the first studies of values in organisational settings were conducted. Fleishman and Peters (1962), as well as McMurtry (1963), “advocated the use of the personal value construct in work organizations to study the compatibility between management and employees” (Watson and Simpson, 1978: 313). Liedtka (1989a: 56) diagnosed an early “recognition of the creation and promotion of organizational values

as one of the executive's fundamental functions" in the work of Barnard (1938) and Selznick (1957).

Hill and Jones (2008) defined values in an organisational context as "the beliefs and ideas about the standard behaviour set as norm for organizational members". Hunt et al. (1989: 79) argued that "[c]orporate values define the standards that guide the external adaptation and internal integration of organizations" (see also Smircich, 1983; Schein, 1985; Meglino et al., 1989).

Previous studies (e.g. Wiener, 1988; Meglino et al., 1989; Valentine and Barnett, 2003; Hill and Jones, 2008) identified two main groups of values that shape the values of an organisation: (1) the societal values of the environment around it; and (2) the personal value sets of the individuals who founded, led, or strongly inspired it.

Societal values influence the development of corporate values "in a number of ways, ranging from the constraints imposed on organizations by the environment within which [...] [they] must operate to the mentality and habits of organizational members" (Lau and Ngo, 1996: 473). In her review of research on organisational culture carried out during the 1970s, Beyer (1981: 187) posited a reciprocal relationship between organisations and societies, the former importing and adapting to "ideologies and values from the environment", but also manufacturing and exporting "new ideologies and values into the environment".

Societal values also form part of the personal value systems of a company's founders and leaders, thus influencing corporate values in an indirect way as well. Trompenaars and Hampden-Turner (2012: 193) observed that "[w]hen people set up an organization, they will typically borrow from models or ideals that are familiar to them [...] [with] cultural preferences influencing the models people give to organizations and the meanings they attribute to them".

Wiener (1988: 537) distinguished between organisational tradition (adapted, stable and predictable) and charismatic leadership (integrated, less stable and sometimes short-lived), thus also implying that organisational values can partially change with new leadership. According to Schein (2010: 3), organisational culture "is usually the result of the embedding of what a founder or leader has imposed on a group that has worked

out”. This theory was also supported by Cameron and Quinn (2011) and Hambrick (2007), who reconfirmed the original concept of the Upper Echelons Theory that organisations are ultimately a reflection of their executive managers.

Extensive research was conducted to find a connection between corporate values and organisational performance (e.g. Deal and Kennedy, 1982; Liedtka, 1989a, b; O’Reilly et al., 1991; Kirkman et al., 2006; Tsui et al., 2007). It has been shown that corporate values affect many crucial organisational activities and aspects, such as strategy setting, trust in the company, human resource policies and decision-making processes in general (Valentine and Barnett, 2003).

Argandoña (2003: 19) considered it “logical, inevitable, and even desirable” that many different values coexist within a company. Despite the pluralism of the personal values of corporate members, however, the organisation needs to be strict and “demand unity in its fundamental values” in order to avoid a “conflict of values. In light of all this, corporate values have been variously referred to as “*a catalyst* in the development of organizational culture” (Thomas, 2013: 8, emphasis added), “a key element in the definition of culture” (Wiener, 1988: 534) or “the bedrock of corporate culture” (Westwood and Posner, 1997: 33–4).

To sum up, organisations choose and implement very specific sets of values. These corporate values are drawn from the general societal environment in which the organisation operates, and are to a great extent influenced by the personal values of the organisation’s founders or leaders. As the personal value systems of the members of an organisation normally differ to a high degree, it is of great importance to the operability of a company to identify its own system of fundamental values. These corporate values represent the norms, rules, targets and standard behaviours that apply to all members of a given organisation. Corporate values are a key element of a company’s culture, and also reflect the personal value systems of its leadership. Provided that an appropriate corporate value-set is chosen and a corporate culture properly implemented, organisations will likely show superior performance (Peters and Waterman, 1982).

2.3 Organisational Culture

In the section above, the idea was developed that personal value systems of corporate leaders determine managerial decision-making processes. This idea is now being further extended to include the process by which organisational executives decide on one type of corporate culture over another. Corporate culture systems, reflecting all valid corporate values, are understood as a means to the end of communicating and leading by the personal values of the corporate leadership. Executives should therefore be aware of their own value systems and “the nature of their [organisation’s] culture as well as its relationship with the needs of the employees” (Hon and Leung, 2011: 131). Values are inherent in the very definition of what constitutes the organisational culture of a company. The futurist Leonard Sweet went as far as to assert that value-setting has replaced goal-setting as the primary task of leadership: “In the world of business, the most distinguishing quality of a leader has become the ability to lead through values” (cited in Upadhyay et al., 2013: 464).

2.3.1 Corporate Culture – A Definition

Historically, the concept of organisational culture emerged from two different fields of study: anthropology, assuming that organisations *are* culture; and sociology, assuming that organisations *have* a culture that can be actively influenced. Researchers belonging to the first group believed that qualitative research was needed to understand the “root metaphors” (Smircich, 1983: 347) “that guide the way the organisation functions” (Schneider et al., 2013: 370).

Researchers belonging to the second group (e.g. Cameron and Freeman, 1991; Weick and Quinn, 1999; Ashkanasy et al., 2000; Alvesson, 2002; Schein, 2010; Cameron and Quinn, 2011; Sackmann, 2011) focused on comparative research, and explored corporate culture types with the objective of differentiating more effective from less effective organisations. A third approach to differentiation was introduced by Martin (2002), who lobbied for a middle way between the two traditional perspectives.

Starting in the early 1980s, a whole new wave of organisational culture studies began to engage with the issue from a variety of different angles: corporate culture and its practical implications for business (Deal and Kennedy, 1982; Peters and Waterman,

1982; Denison, 1990); the nature of corporate culture (Trice and Beyer, 1984, 1993); managing and changing corporate culture (Kilmann et al., 1985; Kerr and Slocum, 1987; Fiol, 1991b); determinants of corporate culture (Gordon, 1991; Schein, 1992); and the culture/performance/competitive advantage perspective (Barney, 1986; Saffold, 1988; Cameron and Freeman, 1991; Fiol, 1991a).

More recent studies suggested structures for the analysis of corporate culture types (Cameron and Quinn, 2011; Trompenaars and Hampden-Turner, 2012), looked into the relationship between leadership issues and corporate culture (Newman and Butler, 2014) as well as into behaviour in cross-cultural organisational settings (Gelfand et al., 2007; Gentry et al., 2008; Lyness and Judiesch, 2008), and researched the implications of corporate culture for the strength and effect of organisational commitment (Fischer and Mansell, 2009; Meyer et al., 2012a; Jackson et al., 2013).

The various attempts to define corporate culture are highly diverse as far as research foci and methodological approaches are concerned. Pettigrew (1979: 572), for example, saw organisational culture as “the feelings and actions of its [a business’] founder and [...] the amalgam of beliefs, ideology, language, ritual, and myth”. Broms and Gahmberg (1983: 482), on the other hand, focused exclusively on “the collection of central values hidden in the shared myths and symbols of that domain”.

Tichy (1982), Schein (1985), Liedtka (1989a, b) and O’Reilly et al. (1991) defined organisational culture as a shared commitment to a core set of values, while Smircich (1983: 344) and Lau and Ngo (1996: 470) also included shared social ideas, beliefs and perceptions. In the words of Ashkanasy et al. (2000: 5), “the study of organizational culture has brought ways of thinking holistically about systems of meaning, values, and actions [...] into organization studies”. Ralston et al. (2006b: 826) similarly described corporate culture as a “holistic concept that covers a wide spectrum of organizational issues, like values, beliefs, assumptions, and norms”.

Jones (1983), as well as Wilkins and Ouchi (1983), viewed organisational culture as a control and exchange mechanism. Barney (1986) and Fiol (1991a) focused on corporate culture as a source of sustained competitive advantage. Wallach (1983: 29) simply stated that “corporate culture is the shared understanding of an organization’s employees – how we do things around here”.

The vast majority of studies have supported the idea that shared values are at the core of corporate culture (e.g. Schein, 1985, 2010; Liedtka, 1989a, b). One of the few critics of this assumption is Geert Hofstede (1998b: 482), whose “findings about the central role of practices in organizational culture contrast with the common belief in the management literature that shared values are the core of an organization’s culture”.

An analysis of the various existing definitions reveals a number of recurring core elements of corporate culture in regard to which there is widespread agreement in the literature: (1) corporate culture is built on or around a set of core values, often introduced and personified by the founder or the top executives; (2) corporate culture incorporates values and norms that are expected to be shared by all corporate members; (3) corporate culture represents ideas of what works in the specific corporate environment; and (4) corporate culture is about what the organisation is striving for, and why it is doing so (see, for example, Detert et al., 2000: 854).

The following definition by Reidenbach and Robin (1991: 273) incorporates all four of these key criteria, and will therefore serve as the reference point for this study: Corporate culture represents “the shared values and beliefs of organizational members, specifically beliefs about what works within an organization, and values about preferred end states and the [...] approaches used to reach them”.

2.3.2 Corporate Culture – Formula for Organisational Success

Although Deal and Kennedy (1982: 5) believed that “strong culture has almost always been the driving force behind continued success in American business”, researchers seem to have overlooked the potentially positive impact of corporate culture on organisational performance until the late 1970s (values research started in the 1930s; commitment research in the 1960s). One reason for this could be that, much like corporate values, corporate culture was not seen as something tangible and performance-relevant. Managers were therefore less aware of it and, perhaps, simply took the existence of some form of corporate culture for granted: “A fish discovers its need for water only when it is no longer in it”, as Trompenaars and Hampden-Turner (2012: 27) succinctly put it.

It would, however, seem quite hard to overlook the existence of corporate culture altogether, given that it manifests itself in each and every aspect of organisational life: the predominant leadership style, a company's symbols such as brand images, logos, music or uniforms, in specific working processes, and/or the definition of overall performance targets and corporate success (Young and Foot, 2006; Gardner et al., 2012).

Cameron and Quinn (2011: 19) classified manifestations of corporate culture on a scale ranging from unobservable elements (implicit assumptions) to observable elements (explicit behaviours), thereby establishing them as useful characteristics for the definition of various types of corporate culture.

Such typologies of corporate culture have been defined by various researchers: Odom et al. (1990: 72) identified (1) Tough-Guy, Macho Culture; (2) Work-Hard, Play-Hard Culture; (3) Bet-Your-Company Culture; and (4) Process Culture; Trompenaars and Hampden-Turner (2012: 194) suggested (1) the Family, (2) the Eiffel Tower, (3) the Guided Missile and (4) the Incubator as suitable categories; Quinn and Rohrbaugh (1983: 41–51) distinguished between (1) Hierarchy (control), (2) Market (compete), (3) Clan (collaborate) and (4) Adhocracy (create).

Quinn and Rohrbaugh (1983) integrated the types of corporate culture they had identified into what was to become one of the most frequently used measurement models for corporate culture – the Competing Values Framework (CVF), which Quinn deployed successfully as recently as 2011 (Cameron and Quinn, 2011). Other well-established models and instruments to measure organisational culture include the Organizational Culture Inventory (Cooke and Rousseau, 1988), the Organizational Culture Profile (O'Reilly et al., 1991) and the Theoretical Model of Culture Traits (Denison and Mishra, 1995).

Looking critically at the limitations of their own and other 'ideal' models, Cameron and Quinn (2006: 20) wrote in the second edition of their standard work that, as useful as they may be, these models do “not pretend to be comprehensive of all cultural phenomena [nor do they] apply equally well to cultures at other than organizational levels”. But like all scientific models, such frameworks do have their merits despite

their obvious simplification of a much more complex reality: Without them, an analysis of corporate culture simply would not be feasible at all.

One of the few critics of this analytical process was Fitzgerald (1988), who denied that assessment and change of organisational culture were possible in the first place, but who failed to suggest a viable alternative.

The implementation and nourishment of an effective organisational culture is no easy management task, and requires “constant vigil” (Upadhyay et al., 2013: 464). Understanding corporate culture as the perfect medium with which to communicate values, business goals and supportive employee policies could, however, prove highly beneficial both in terms of organisational competitive advantage and sustainable success. According to Cameron and Quinn (2011: 5), the most successful Northern American companies of the last three decades are quite unanimous in their verdict: “[T]heir most important competitive advantage, the most powerful factor they all highlight as a key ingredient in their success – is their organizational culture” (Cameron and Quinn, 2011: 5). Conversely, neglecting organisational culture is “the most frequently cited reason given for failure” of businesses (Cameron and Quinn, 2011: 1).

The immense interest in corporate culture as documented by recent studies highlights the continuing importance of this phenomenon for researchers and practitioners alike. Barnes et al. (2006), for example, observed a relationship between higher levels of value congruency and stronger corporate culture systems in sales organisations. Gardner et al. (2012) and Breugh (2008) noted that an efficient communication of corporate values and all other features of an organisation’s culture allows potential employees to assess the degree of value fit between themselves and the organisation early on, thereby increasing the chances of attracting the right people for the job. Consistent value communication was found to be important even for already recruited new employees and “their satisfaction and retention” (Gardner et al., 2012: 587).

Askew, Taing and Johnson (2013) credited organisational culture with setting the tone for the internal social exchange process, ultimately allowing employees to perceive their organisations as caring and fair. In turn, such perceptions boost employee creativity (Hon and Leung, 2011) and improve overall harmony between different hierarchy levels (Chin, 2014). What is more, all these factors contribute to higher levels of value

congruency between company and employees, and have a positive impact on affective employee commitment (Dineen and Soltis, 2010; Meyer et al., 2010).

“The social exchange theory supposes that when an individual is happy with the rewards provided by their organization, they will reciprocate by developing positive attitudes towards their organization” (Miao et al., 2013: 3262). Positive attitudes of employees, i.e., commitment towards the organisation, confer a tangible competitive advantage and are an absolute necessity “to meet the competitive challenges of the 21st century” (Gardner et al., 2012: 586). Organisational culture nourishes and determines this process. The choice and establishment of the appropriate type of corporate culture and its subsequent development and reinforcement therefore seems to be one of the most sensitive and rewarding tasks of business executives.

In summary, existing research assumes that organisations either *are* culture or *have* a culture. Built on and influenced by sociocultural values via the organisation’s environment and the personal value systems of founders and owners, organisations establish distinct cultures that represent certain values, targets, expectations, assumptions and behavioural norms about what works best in an organisation. There is good reason to classify corporate culture as the most crucial criterion for organisational success. Several groups of researchers have developed models and tools to systemise and measure organisational culture, with Quinn and Rohrbaugh’s (1983) Competing Values Framework (CVF), which focuses on effectiveness and therefore on competitive advantage, being the most widely used.

2.4 Employee-Organisation Value Congruency

In this section, the concept of perceived congruency or fit between an employee’s personal values and the value system of his or her organisation is introduced. The most pertinent studies of leading proponents of this strand of research are reviewed, and the relationship between person-organisation fit and trust in the leader is examined.

2.4.1 Person-Organisation Fit – A Definition

Person-organisation fit (P-O fit) is commonly defined as the perception of “the congruence of the personality traits, beliefs, and values of the employee with that of the

culture, strategic needs, norms, and values of the organization” (Adkins et al., 1994: 605; see also Kristof-Brown et al., 2005).

The literature (e.g. Thomas, 2013: 29) credits Argyris (1957, 1964) with introducing the concept of P-O fit into the exchange relationship between an organisation and its individual members. Argyris (1964) argued that companies ought to adapt to their employees, and not the other way around. He suggested that (1) organisations should be matched to members, and that (2) they should be restructured if “incongruence” exists in order to inspire feelings of perceived control and co-ownership (involvement) in their members. His was quite a radical view, driven by the deep-seated belief that such an approach would ultimately prove rewarding since he expected high levels of fit to lead to positive performance outcomes, i.e., tangible competitive advantages. According to Kristof-Brown and Jansen (2007: 130), the specific term ‘person-organisation fit’ was first used by Chatman (1989).

Traditionally, research “on fit has focused on person-environment (P-E) fit, which then has been further refined to include person-job (P-J) fit, person-group (P-G) fit, and person-organization (P-O) fit” (Ostroff et al., 2005: 592). P-O fit has often been conceptualised in terms of value congruency (also defined as a function of P-O fit; see Thomas, 2013: 39). Watson et al. (2004: 338) saw “substantial theoretical and empirical advantages in the [value] congruency approach”. These advantages were described as being threefold: (1) the focus on diverging value profiles between the individual member and the organisation allows for an analysis of differences that are predictive of organisational outcomes; (2) value profiles enable an identification of organisational culture profiles and relate such phenomena to corporate performance; and (3), value profiles can be measured at different points in time and can thus be conveniently compared with relevant tendencies in value shifts. Leading representatives of the value congruency approach are Posner et al. (1985), Chatman (1989, 1991), Liedtka (1989b) and Posner (2010a).

2.4.2 The Value Congruency Approach – A Critical Summary

The value integration/congruency literature of the 1980s and 1990s (e.g. Posner et al., 1985; Liedtka, 1989a, b; Meglino et al., 1989; Chatman, 1991; Adkins et al., 1994, 1996; Posner, 2010a) provided an in-depth discussion of the relationship between a

successful organisational value integration process on the one hand, and potential competitive advantages as well as employee commitment issues on the other.

Meglino et al. (1989: 425), for example, found that “positive outcomes and affects will result when an individual’s values are congruent with those of other persons or entities (e.g., a supervisor or an organization) with whom he or she is in contact”. Chatman (1991) described the positive impact of employee and corporate value congruency on the ability of newly hired employees to adjust to the organisation, on their job satisfaction and on their intention to stay with the employer: The higher the degree of congruency between employee and corporate values, the better the newcomer adjusted, and the happier he or she felt. Adkins et al. (1996) established a positive relationship between performance levels and value congruency among co-workers. O’Reilly and Chatman (1986) demonstrated that congruency of individual and organisational values results in a higher likelihood of extra-role behaviours. Balazs (1990: 172) added that “the less acculturated the employee is into the organization, the less personal connection he or she feels with it – a weak relationship or mismatch between the individual’s values and those of the organization is likely to lead to reduced job satisfaction, lower organizational commitment, and lower job performance”.

Other studies looked carefully into the congruency relationship between leaders’ and employees’ personal values. Weiss (1978), for example, showed that leaders’ ratings of employee achievement levels were more positive when members’ values were assumed to be consistent with those of their supervisors. Duchon et al. (1986) found that a higher quality of exchange was achieved in the leader-follower relationship when both sides felt a degree of similarity between them. Steiner (1988) confirmed that a perceived similarity of values between leaders and employees is likely to lead to more satisfactory exchanges, although the process itself might depend on “more than simple similarity in values” (Ashkanasy and O’Connor, 1997: 658).

More recent studies (e.g. Hewlin, 2003; Leary et al., 2003; Nwadei, 2004; Watson et al., 2004; Westerman and Cyr, 2004; Watrous et al., 2006; Cazier et al., 2007; Alas and Wei, 2008; Lamm et al., 2010; Posner, 2010a; Thomas, 2013) clearly established that value integration and value congruency is of greatest importance for positive corporate performance in the 21st century.

Nwadei (2004), for example, found that value congruency between managers and their organisations supports feelings of success, commitment to ethical behaviour and organisational commitment in general. As Alas and Sun (2008: 298) pointed out, “[t]he future success of any organization [is] connected with employee attitude[s, which] [...] are related to each person’s own deeply held philosophical and political values”. Valentine et al. (2002), Westerman and Cyr (2004) as well as Suar and Khuntia (2010) confirmed a positive relationship between the value alignment of organisations and employees on the one hand, and productivity and commitment on the other hand. Erdogan and Bauer (2005) and Hoffman and Woehr (2006) focused on the matching of person and environment, arguing that employees who feel “at home” in their working environment display better work behaviours and a greater level of job satisfaction. Thomas’ (2013: 71) study on ethical behaviour among substance abuse counsellors in relation to their personal and organisational values and P-O fit found that organisational commitment was predictive of value congruency: Counsellors who reported a willingness to “go the extra mile” for their organisation felt that they also conformed with its value system. Referring to meta-analyses by, for example, Kristof-Brown, Zimmermann and Johnson (2005), Gardner et al. (2012: 586) emphasised that “organizational communication practices that serve to elevate P-O fit can produce substantial returns with respect to retention of human capital”.

As several studies have demonstrated (e.g. Chatman, 1989; Kristof-Brown and Jansen, 2007), it is important to keep in mind that P-O fit is of temporal nature, i.e., it evolves and changes over time.

2.4.3 Leading Concepts of Person-Organisation Fit

Jennifer Chatman’s (1989) groundbreaking ‘interactional model’ of P-O fit proved to be highly influential. Allowing for the assessment of both individual and organisational values, it led to the development of a P-O fit measurement tool, the Organizational Culture Profile (OCP). The OCP consists of 54 cards; each card contains one descriptive characteristic, and participants are asked to sort the cards according to the importance they attach to each of these criteria. For Chatman (1989: 342), the concept of P-O fit was useful due to its “ability to predict the extent to which a person’s values will change as a function of organizational membership and the extent to which he or she will adhere to organizational norms”.

Jeanne Liedtka (1989a, b) developed the Four Quadrant Congruency theory, which was not intended as a P-O fit research tool *per se*, but which was subsequently used in studies on that topic as well. Liedtka (1989b: 807–8) tested for value harmony (consonance) or conflict (contention) in corporate situations. She proposed that in order to understand the concept of how values influence managerial decision-making, it is necessary to examine the interplay between these two concepts. Value congruence between the organisation and the individual manager becomes an “issue in its absence” (1989b: 806), since incongruence of values makes the decision-making process particularly difficult for managers (1989a: 71).

Barry Posner’s research spans more than 30 years. From 1979 to 2010, and in association with different partners, he dedicated himself to the improvement of our understanding of (1) corporate culture and its effects, (2) managerial values and how they bring about better organisational performance, (3) the process of achieving P-O fit, and (4) the individual and organisational implications resulting from such a process. Posner and his colleagues (Posner et al., 1985, 1992a, 2010a; Kouzes and Posner, 2009) used the terms ‘P-O fit’, ‘person-organisation alignment’ and ‘value congruency’ rather interchangeably.

Posner and Schmidt (1984) laid the groundwork for further research on the topic of how managerial values are related to organisational behaviour by collecting evidence in support of the theory that a better understanding of managerial values enables organisations to find the most suitable new employees with the best P-O fit. From this starting point, Posner, Kouzes and Schmidt (1985) went on to develop a research tool for measuring value congruency, interviewing respondents about (1) the extent to which they believed their value systems match that of their employing organisations, and (2) the extent to which they thought they needed to adjust their value systems to those of their organisation. Posner et al. successfully tested this tool in different studies, e.g. Posner, Kouzes and Schmidt (1985), Posner and Schmidt (1992a), Posner and Westwood (1995), Kouzes and Posner (2009) and Posner (2010a).

Posner also coined the term ‘shared values organisation’. It describes a corporate environment based on a certain corporate culture which openly and actively promotes its value system. In that process, managers and employees alike are empowered and encouraged to align their values to those of their organisations. If successful, a positive

effect on organisational culture is probable; if the process fails, the “impact of the company’s corporate culture is clearly reduced” (Posner, 1992: 359).

In a cross-cultural study with managers from Hong Kong and Australia, Posner and Westwood (1995) deployed the two-item value congruency measure to investigate the impact of sociocultural values on P-O fit. They found that “managers in the high shared values group reported significantly more positive attitudes about their work and organizational environment” than managers with lower degrees of P-O fit, and that this result “was consistent within the two countries, as well as across them” (1995: 202). The conclusion they drew from this finding merits to be quoted at length: “[W]hile not to denigrate the important role that culture plays in making salient and shaping both personal and organizational values, this study suggests that the alignment of person-organization values is critical irrespective of the specific values or value orientation of the culture (country)” (Posner and Westwood, 1995: 203).

Posner (1992, 2010a) and Posner et al. (1992a, 1995, 1997; also Kouzes and Posner, 2009) identified a positive relationship between high levels of value congruency and favourable work attitudes, i.e., strong commitment. They also found that managers’ awareness of organisational values and desirable employee attitudes was directly related to personal performance measures (Posner, 2010a).

In a further step, some researchers (e.g. Graham, 1986; Chatman, 1989; Watson et al., 2004) attempted to determine whether there was a ‘right’ level of P-O fit for a given organisation, but no such level could be identified beyond doubt. Chatman (1989: 343–4) argued that extremely high levels of P-O fit might cause “ineffective individual and organizational behavior [...] [such as] conformity, homogeneity, and lowered innovation”, whereas extremely low levels of P-O fit “might lead to sabotage or dissent”, i.e., either end of the continuum was characterised as disadvantageous for the overall performance of a company.

In a more recent study, Watrous, Huffman and Pritchard (2006: 108) demonstrated that a high level of shared values indicates “that management and employees feel the same things are important and worth working toward in the organization, whereas a low level of shared values indicates a discrepancy”. Watrous et al. (2006: 109) emphasised “that when shared values are high, there are a number of positive consequences such as

increased personal investment, better communication and cooperation, increased commitment and satisfaction, and greater perceived organizational support”.

2.4.4 Employee Integration Means Value Integration

The process of integrating new managers and employees into the existing cultural boundaries of an organisation could be described as a socialisation process. Traditionally, the literature has been divided between two viewpoints: (1) the individual difference approach, i.e., a careful screening of personality traits, values, or motives *before* an individual is hired (Allport, 1938; Block, 1961; Staw and Ross, 1985); and (2) the situationist approach, i.e., investing in socialisation programmes like team-building and personal development plans *after* the individual becomes part of the organisation (Mischel, 1968; Salancik and Pfeffer, 1977, 1978). Recent studies (e.g. Chatman, 1989; Torelli and Kaikati, 2009; Gardner et al., 2012; Thomas, 2013) give the impression that an ‘interactional’ approach has become dominant, based on the assumption that both personal and situational factors can influence behaviour and lead to value congruency.

Researchers have referred to the organisational integration process with terms such as “identity formation” (O’Reilly et al., 1991: 492), “the organizing act” (Hofstede, 1985: 352) or “psychological penetration” (Saffold, 1988: 551). “The organizing act”, Hofstede (1985: 352) wrote, “consists in the manipulation of symbols which would induce in members the intended behaviour”. Posner and Schmidt (1992a: 84) spoke of a “socialization process, which results in an organizational culture in that the individuals will come to adopt the organization’s values”. Saffold (1988: 551) held that “members of an organization deeply internalize the values, meanings, and assumptions of the cultural paradigm”. Wiener (1988: 541) described the integration into existing organisational structures as “a complex learning process, often requiring the convergence of optimal individual, societal, and organizational conditions”.

The socialisation of employees was found to be more successful when the organisation actively supported the “cultural conditioning” (Hofstede, 1985: 352) of the individual, concentrating its efforts on desirable affective outcomes such as P-O fit (Van Vuuren et al., 2007). Watson et al. (2004: 334), on the other hand, came to a different conclusion regarding this socialisation process, arguing that there is still “little theoretical reason for its success or failure and even less empirical support for varying outcomes”.

Wiener (1988: 543) emphasised that “not all potential members of a given organization are likely to benefit equally from [corporate] socialization”. Meglino et al. (1989: 430) agreed, pointing out that “employees whose values are in conflict with those of their supervisor transfer to other departments or leave the organisation”. This seems to hold true for representatives of all occupations, as Schein (2010: 8) argued: “We are aware that being a doctor, lawyer, engineer, accountant, or manager involves not only learning technical skills but also adopting certain values and norms that define our occupation. If we violate some of these norms, we can be thrown out of the occupation”.

Nevertheless, “employees have a strong need to fit their work environment” (Van Vianen et al., 2011: 906), and seem perfectly aware of the obvious advantages this will have in terms of job security and career success. Hewlin (2003: 634–5), building on earlier research by Van Maanen and Schein (1979) and Louis (1980), examined what he called “facades of conformity” in organisations, that is, pretended value congruency. Particularly “when conflicts arise between personal and organizational values, some employees may perceive the need to suppress their own values [and to] appear as if they embrace organizational values”. Individuals or groups of people who perceive their value systems as incompatible tend to take on identities that are merely “outward expressions of conformity [with their employers’ values] in order to fit in and receive the benefits of majority members”. This phenomenon can prove highly problematic for researchers when conducting empirical tests based on self-reported scales, since the questionnaires of research participants with such behaviour might render analytical data invalid.

Where there is attrition of those who do not fit in, “the individuals who remain with an organization for more than a short time period, regardless of their individual proclivities, will come to adopt the organization’s values” (Posner and Schmidt, 1992a: 84). Van Maanen and Schein (1979), Louis (1980), Ryan and Schmidt (1993) as well as Hewlin (2003) confirmed this finding in their studies, and demonstrated that employees who stayed or planned to stay with their organisations showed higher degrees of value congruency.

Corporate integration processes are value integration processes. Corporate value systems as reflected in systems of organisational culture establish the norms to which new employees need to adjust. The optimal corporate value integration process leads to

“a complete balance of values” (Balazs, 1990: 172). Some corporate executives have a tendency to see this as a one-way process, i.e., an amalgamation of their personal value systems into the cultural value system of their organisations. Yet it could also be envisaged and implemented as a multi-layer process in which the values of different stakeholder groups – e.g. the young management generation, or the female employees – are incorporated into the overall culture system of their company (Busse et al., 2015: 182). Such an effort, as unconventional as it may sound, stands a good chance of creating stimuli for employees to ‘go the extra mile’ as a result of genuinely feeling valued.

2.4.5 Person-Organisation Fit as a Function of Trust in Leaders

In accordance with the current state of research (e.g. Cameron and Quinn, 2011: 22), this study considers leadership style to be both a manifestation and a constituent part of the organisational culture system. The literature places the onus for and the privilege of creating the initial form of culture of an organisation on its founder/owner (Gorenak and Ferjan, 2015: 67). Founders of private companies are often charismatic individuals equipped with unique personal value systems, who put a personal stamp on the culture of their organisations (Pettigrew, 1979). In Hofstede’s (1985: 350) words, “[t]he reason why founders have such an impact [on their organisation’s culture and value system] is that they are the only ones who can fully adapt the organization to themselves. Every person who joins later will to an extent have to adapt him/herself to the organization”.

What seems to apply to the founders and/or the first executives of a company may not apply in equal measure to the managers who follow after the first generation of leaders has stepped down: Schein (1983) and Saffold (1988), for example, questioned the depth of the influence of executives on organisational value systems. In their opinion, the personal values of executives do not penetrate an organisation’s cultural paradigm deeply enough to effect lasting change, and the influence of managers will only last as long as they stay with the organisation. Wiener (1988: 540) took the same line, arguing that when a “charismatic value system [...] depends on strong identification with a leader, cultural discontinuity (upon the passing of the leader) is quite possible”.

The literature clearly supports a strong relationship between leader behaviour and feelings of belonging on the employee side. Employees will follow leaders whom they

perceive as role models (Sendjaya, 2008; Miao et al., 2014). Consequently, trust in leaders develops where they behave in ways that show consonance between words and deeds – between the values they proclaim, and the values with which they lead. “Leaders are role models of appropriate behaviour”, wrote Grojean et al. (2004: 228). Executives therefore need to demonstrate actions that are consistent with their organisations’ values and missions as represented by and communicated in their corporate culture system.

People learn by observing: “[O]bserved behaviours that have the desired consequences become part of an individual’s repertoire” (Grojean et al., 2004: 228). This process is comprised of three steps: *observing* others’ behaviour; *comparing* results with expected outcomes; and *adapting* the behaviour to one’s own life. Bandura (1986) called this process ‘modelling’. House and Shamir (1993) suggested that, by positioning themselves as role models, executives could communicate positive examples of the values associated with their corporate culture, as well as the vision and mission of the organisation. “Role modelling conveys the values that are important to the organization’s social environment, which should help to increase congruence either by inducing change in individual values or through the attraction and retention of members who have similar values and ‘fit’ the organization” (Grojean et al., 2004: 229).

Studies on corporate leadership in the 1970s and 1980s focused on the search for and identification of behavioural patterns that might increase leaders’ effectiveness (e.g. House, 1971, 1988; House and Baetz, 1979; Bass, 1981; Yukl, 1989), developing the concept of what came to be known as ‘transactional leadership style’.

In the late 1980s and 1990s, researchers such as Avolio and Bass (1988), Boal and Bryson (1988), Podsakoff et al. (1990) as well as House, Spangler and Woycke (1991) shifted their focus to the identification of those leader behaviours “that make followers more aware of the importance and values of task outcomes, activate their higher-order-needs, and induce them to transcend self-interests for the sake of the organization” (Podsakoff et al., 1990: 108). In the process, they coined the new term ‘transformational’ or ‘charismatic’ leadership.

Bass and Avolio (1997) developed a comprehensive leadership theory distinguishing between three general forms: transformational, transactional and laissez-faire, with

transformational leadership being characterised as the most relevant. The abundance of recent studies concerned with transformational leadership issues, such as those by Jung and Avolio (2000), Krishnan (2002), Judge and Piccolo (2004), Bass and Riggio (2006), Given (2008), Fu et al. (2010) and Jackson, Meyer and Wang (2013), illustrates the fact that the topic is still of enormous scientific interest.

One extensively discussed issue in the literature on transformational leadership is whether such behaviour is 'value-laden' or 'value-free'. In Burns' (1978: 142) original conception of the term, a leader only qualifies as a transformer if his or her underlying values are morally sound. A whole number of studies inspired by this assertion (e.g. Judge and Piccolo, 2004; Bruno and Lay, 2008; Sosik et al., 2009; Schein, 2010) have subsequently demonstrated that "leaders' values matter" (Fu et al., 2010: 223).

If this is indeed the case, proper communication of these value systems matters as well (Kouzes and Posner, 2009). Corporate leadership can only function successfully when members are willing to follow. They can only decide to do so when they know whom to follow, where to follow, and what values that process will be based on. "Leadership is in the eyes of other people; it is they who proclaim you as a leader" (Carrie Gilstrap, cited in Kouzes and Posner, 2009: 27). Employees will trust a leader "when they perceive him [or her] to have integrity and ethical values" (Upadhyay et al., 2013: 462). Value congruency, as Cazier et al. (2006) have shown, increases trust: The stronger the value congruency between leaders and followers, the higher the level of 'fit', the stronger the level of commitment and the more effective the organisation. Jackson et al. (2013: 94) confirmed these findings, and reported "a strong correlation between transformational/charismatic leadership and AC".

Overall, the literature identifies a range of antecedents that support the relationship between trust in leaders and P-O fit: Manz (1986: 589), for example, argued that leaders should go as far as to empower and encourage employees to the point of "self-leadership", i.e., to develop "a comprehensive self-influence perspective that concerns leading oneself toward performance [...]". Fahr et al. (1990) suggested that leaders create a feeling of fairness among employees by establishing corporate procedures based on both procedural and distributive justice. Grojean et al. (2004: 227) confirmed the previous finding of Bass and Avolio (1993) that "followers identify with and emulate those leaders who are perceived as trustworthy and capable of achieving their

vision". Meyer et al. (2010: 471) recommended that executives who are interested in fostering P-O fit and commitment "should give careful attention to culture and how organizational values are communicated to employees".

A recent study by Jackson, Meyer and Wang (2013: 86) confirmed a positive relationship between transformational leader behaviour, P-O fit and employee commitment: "Transformational [...] leaders motivate employees through emotional appeal and the creation of a compelling vision [...] [and] challenge employees to transcend their personal interests to work together in the best interest of the [...] organization [...]." They care about their employees' needs and "create conditions that should contribute to employees' desire to remain with the organization (AC) and their sense of obligation to work toward the fulfilment of a meaningful vision (NC; moral imperative)".

In summary, this section conceptualised P-O fit in an organisation as a function of the congruency between the personal value systems of the organisation's members and the values of the organisation as represented by its corporate culture system. Researchers such as Posner/Posner et al. (1985, 1992a, 2010b), Chatman (1989, 1991) and Liedtka (1989b) have developed instruments to measure value congruency that have been successfully used in studies concerning P-O fit.

P-O fit has a positive impact on both the individual employee (higher levels of satisfaction, greater feelings of belonging) and the organisation (higher levels of employee commitment, more effective performance, less disruption based on less turnover) (Kristof-Brown et al., 2005). It is also evident that new members of an organisation undergo a value integration process. This process can start before the employment contract is signed, or after the employee has joined. "Employees' needs are reflected in their preference for a particular culture, and congruence exists when the organization supplies conditions [...] that satisfy these needs" (Meyer et al., 2010: 459). Similarity between personal and organisational values, strategic goals, etc. will most likely lead to "a higher level of effectiveness as well as a higher degree of employee satisfaction" (Odom et al., 1990: 77). Organisations, however, should not strive for 'total fit', since this might lead to employee inertia and inability to react to environmental changes.

Whether higher levels of P-O fit and value congruency can be established at all seems to depend to a high degree on leadership behaviour – whether leaders “walk their talk [...] lead by the values they proclaim” (Agle et al., 1999: 511), and act on the basis of “(procedural) fairness and (distributive) justice” (Farh et al., 1990: 706). Further to this, this section has shown that P-O fit as a representation of value congruency between employees and managerial leaders can only be established when employees trust their leader. This seems to be especially relevant in the case of privately owned companies. Leaders’ behaviour directly influences organisational members: they are under constant observation, and potential discrepancies between their words and actions are easily identified (Kouzes and Posner, 2009: 16). Upadhyay et al. (2013: 457) summarised their findings as follows: “When the leader showed negative behaviour, employees [...] felt constrained [...] aggravated, critical and pessimistic [...] [and] could not perform well”. Leaders’ value systems also have an indirect influence on organisational members, especially because founders and corporate executives imprint their personal values on their organisation’s culture (Hambrick, 2007). Certain leadership styles, such as the transformational style, support the growth of trust in leaders, identification with leaders’ values, P-O fit and affective commitment (Bruno and Lay, 2008).

2.5 Commitment

A committed work force represents a tangible competitive advantage (Leininger, 2004). Accordingly, its “*assumed impact on performance*” (Benkhoff, 1997: 701, emphasis added) constitutes “[t]he main reason why commitment has been one of the most popular research subjects in industrial psychology and organizational behaviour”. In this section, the phenomenon of commitment will be examined in detail.

2.5.1 Defining Commitment

The general understanding of the term commitment is that it describes the bonds of a person to a target (e.g. Porter et al., 1974: 604; Mowday et al., 1982: 27; O’Reilly and Chatman, 1986: 493; Meyer and Maltin, 2010: 323; Klein et al., 2012: 137); studies disagree, however, about the type of bonds as well as about the kind of target that should be included in this definition (Solinger et al., 2008).

Early researchers in the field, such as Becker (1960) and Porter, Crampon and Smith (1972), saw organisational commitment as a one-dimensional phenomenon. Later research (e.g. Meyer and Allen, 1984; O'Reilly et al., 1991) began to perceive commitment as multi-dimensional, and criticised the original approach for having examined only certain aspects of the construct. Nevertheless, the most prevalent theory, introduced by Meyer and Allen in 1987, drew extensively on earlier work by Becker (1960), Mowday et al. (1979) and Wiener (1982). Meyer and Allen (1987, 1991) defined commitment as a three-dimensional model, and introduced the categories affective (AC), continuance (CC) and normative (NC) commitment. By 2003, Cheng and Stockdale (2003: 466) claimed that the Three-Component Model (TCM) “has been the dominant framework for OC research in the past decade because it is based on a more comprehensive understanding of OC”.

Recent critics of Meyer and Allen’s model have argued that “the TCM combines fundamentally different attitudinal phenomena [...]”, and that its extremely wide scope ultimately compromises its usefulness as a measurement tool (Solinger et al., 2008: 70). In the wake of this criticism, Klein et al. (2014) proposed a reduction of the TCM back to a one-dimensional understanding of commitment, namely affective commitment. This model is commonly referred to as the KUT (Klein et al., Unidimensional, Target-free) measure of commitment. Other researchers, e.g. Ling et al. (2002) and Jing and Zhang (2014), proposed the opposite approach, i.e., an extension of the Meyer and Allen model to five dimensions by splitting up the continuance commitment component into economic and choice commitment, and by adding the category of ideal commitment.

This paper follows the most widely accepted approach in commitment research, namely Meyer and Allen’s Three-Component Model, which defines commitment as “an internal force that binds an individual to a target (social or nonsocial) and/or to a course of action of relevance to that target” (Meyer, 2009: 39).

2.5.2 Development of the Concept of Organisational Commitment

From early on, commitment research focused on the potential value that committed employees might bring to businesses of all kinds. Committed employees, for example, display higher levels of job satisfaction (e.g. Mowday et al., 1982; Bateman and

Strasser, 1984), achieve better job performance (e.g. DeCotiis and Summers, 1987), and are less susceptible to absenteeism (e.g. Blau, 1986) and turnover (e.g. Williams and Hazer, 1986). Existing research covers many different facets of commitment such as professions (e.g. Gouldner, 1957), motivation (e.g. Mowday et al., 1979) and unions (e.g. Gordon et al., 1980; Fullagar and Barling, 1989; Redman and Snape, 2016).

More recent studies have fine-tuned their research focus, demonstrating that committed employees are good organisational citizens (Meyer et al., 2002; Riketta, 2002), and reconfirming findings from earlier studies that, for example, committed employees perform more effectively (Cooper-Hakim and Viswesvaran, 2005), are more likely to attend work regularly (Meyer et al., 2002), and stay with an employer longer (Tett and Meyer, 1993). Meyer and Maltin (2010) concluded that committed employees are more satisfied with their work lives, and are thus better able to cope with stress. Redman and Snape (2016: 63) reported that “organisational commitment predicted intent to quit but not organisational citizenship behaviour, which was predicted by union commitment”. Recent studies found that employees can be committed to their leaders (Bass and Riggio, 2006), their professions and unions (Vandenberghe, 2009), their supervisors (Stinglhamber and Vandenberghe, 2003) and their work teams (Becker and Kernan, 2003). Other researchers positively related commitment to corporate culture and vice versa (Fischer and Mansell, 2009; Meyer et al., 2012b; Miao et al., 2013), a finding which is highly pertinent to the present study.

As outlined above, the most commonly referred to concept in this research area is Meyer and Allen’s (1991) Three-Component Model of commitment (Meyer and Allen, 1997; Meyer and Herscovitch, 2001; Meyer et al., 2012b). In 1984, the psychologists John Meyer and Natalie Allen conducted one of their first studies on organisational commitment, suggesting that commitment was multi-dimensional instead of one-dimensional, as earlier researchers had assumed. Nevertheless, they built on ideas of earlier researchers, i.e., Becker’s (1960) theory of the ‘side bet’, as well as Porter et al.’s (1974) and Mowday et al.’s (1982) theory of ‘emotional orientation to an entity’.

H.S. Becker was one of the pioneers in attempting a formal analysis of commitment. He explained the importance of the concept of commitment in terms of its usefulness in understanding patterns of expected human behaviour, and claimed that people are “committed to continue their current *consistent lines of activity*” (Becker, 1960: 33,

emphasis in text) because of ‘side bets’ they have made. A change of behaviour, i.e., separation from the current employer, would result in a loss of the accumulated privileges and ‘down payments’ on the investment, i.e., the employees’ ‘side bets’. An awareness of these potential losses will lead the employee to continued commitment. Becker argued that the more ‘side bets’ an individual has accumulated, the more likely it is that he or she will stay and continue to behave in “consistent lines of activity”. The phenomenon of ‘side bets’ could, for example, involve “impersonal bureaucratic arrangements” (such as the firm’s pension fund) or “generalized cultural expectations” (like assumptions that people who change jobs too often are considered untrustworthy) (Becker, 1960: 36).

Meyer and Allen (1984: 372–4) described the use of the term ‘side bet’ in the literature as often “quite loose”, since generally “it has been used to refer to anything of value [in which] the individual has invested (e.g., time, effort, money) that would be lost or deemed worthless at some perceived cost to the individual if he or she were to leave the organization”. Nevertheless, they understood Becker’s notion of the side bet as a valid form of commitment, and named it “continuance commitment” (CC), i.e., commitment to continue a certain line of action (Meyer and Allen, 1984: 373). People with strong CC stay with an organisation because *they need to*.

The second part of Meyer and Allen’s model of organisational commitment was based on work done by a group of scientists around management researchers Steers and Mowday, and psychologist L. W. Porter (e.g. Porter et al., 1974; Mowday et al., 1979). For Mowday, Steers and Porter (1979: 226), organisational commitment “was characterized by at least three related factors: (1) a strong belief in and acceptance of the organization’s goals and values; (2) a willingness to exert considerable effort on behalf of the organization; and (3) a strong desire to maintain membership in the organization”. In order to be able to measure commitment, Porter, Crampon and Smith (1972) developed the Organizational Commitment Questionnaire (OCQ), which was “a one-dimensional scale that measured only employee affective attachment to the organization” (Thomas, 2013: 32). Meyer and Allen labelled this conceptualisation “affective commitment” (AC) (1984: 373). People with strong AC stay with an organisation because *they want to*.

In their study on organizational commitment and job performance, Meyer et al. (1989) used the newly developed eight-item AC and CC Scales to assess a total of 141 managers. The “results of the study generally supported predictions: Affective commitment of employees [...] was positively related to their measured job performance, whereas continuance commitment was negatively related” (1989: 115), giving reason to believe that employees showing characteristics of affective commitment are of greater value to organisations than employees displaying continuance commitment only.

The theoretical work by Wiener (1982: 421), who defined commitment as reflecting “the totality of internalized normative pressure to act in a way that meets organizational goals and interests”, supplied Meyer and Allen with a third form of commitment that they labelled “normative commitment” (NC) (Allen and Meyer, 1990: 3). By integrating this third concept into their theory, Meyer and Allen (1991) arrived at their Three-Component Model (TCM) of commitment. Elaborating on this third concept (NC), they wrote: “The feeling of obligation to remain with an organization [...] results from the internalization of normative pressures. [...] [O]rganizations may provide new hires with socialization experiences that communicate to them that the organization expects and values employee loyalty” (1991: 77). People with strong NC stay with an organisation because *they think they ought to*.

During the course of their research on commitment, Meyer and Allen came to understand AC, CC and NC as “*components* rather than *types* of attitudinal commitment” (Allen and Meyer, 1990: 4, emphasis in text). Explaining the differences between these two approaches, they pointed out that “types of commitment” imply “that the psychological states characterizing the three forms of commitment are mutually exclusive [while] to the contrary, it actually seems more reasonable to expect that an employee can experience all three forms of commitment to varying degrees” (Meyer and Allen, 1991: 67).

Concerned with the issue of “which of the three separated but related components” might bring the greatest benefits to a company, Meyer et al. (1989: 155) proposed that organisations should investigate the exact nature of their employees’ commitment more actively, since the question of *why* an employee is committed to an organisation and stays with it is inextricably linked to the benefits of such an attachment for the

organisation. The researchers compared affective with normative and continuance employee involvement, and concluded that the bond out of desire was a stronger force than that out of obligation or need (Meyer and Allen, 1991: 73–4).

Meyer and Herscovitch (2001), for example, further underpinned the theory that of all three components, affective commitment adds the greatest value to organisational performance: “Compared to continuance and normative commitment, affective commitment (a) correlates significantly with a wider range of ‘outcome’ measures and (b) correlates more strongly with any given outcome measure” (Meyer and Herscovitch, 2001: 311).

Meyer and Herscovitch (2001: 312, emphasis in text) compared the effects of affective commitment on employees to a ‘protective armour’: “[W]hen employees *want* to engage in a course of action [...] they are less sensitive to cues that potentially delimit the behavior”. With an eye on potential commitment profiles, Meyer and Herscovitch (2001: 313) further proposed that employees with a “pure affective” profile (high AC, low NC and CC) would show a stronger desire to stay with their organisations than employees with “pure normative” (high NC, low AC and CC) or “pure continuance” (high CC, low AC and NC) profiles, a view supported by several recent studies by, for example, Johnson et al. (2009), Somers (2009, 2010) and Stanley et al. (2013).

Meyer and Herscovitch’s (2001) concept of a commitment profile, with one component relating to and influencing the other components to different degrees, seemed to bring Meyer and Allen’s (1991) theoretical model closer to expected real world scenarios, where the ‘pure’ prevalence of one phenomenon is obviously a rather rare experience. The level of influence that the components of commitment have on each other was evaluated differently by different studies, however. Gellatly et al. (2006: 342), for example, hypothesised that “there may be other processes underlying the observed interaction effects” – for example that “an employee’s commitment profile provides a ‘context’ that can influence how a particular component of commitment is experienced”. Askew et al. (2013: 182) “found the relationship between [affective] commitment and outcome [variables] would be stronger when other commitments were low”. Snape et al. (2006) and Vandenberghe and Bentein (2009), on the other hand, concluded that the degree of reciprocal influence between the components had proved to be negligible in their studies.

The positive effects of affective employee commitment on organisational performance were confirmed by many recent studies. Fedor, Caldwell and Herold (2006), for example, listed better job performance and less turnover as well as reduced absenteeism and tardiness as possible positive outcomes of affective commitment. Employees who demonstrate a bond to their employing organisations, independent of whether such a bond is with the leadership, the direct supervisor, the team or the challenging task at hand, work harder and longer hours, are more loyal to their organisations over time, ask for fewer days off, call in sick less often, are motivated to come in on time and use their working hours more effectively.

Wallace, Chernatony and Buil (2013) as well as Strauss, Griffin and Rafferty (2009) confirmed that affectively committed employees behave proactively and spontaneously in support of their organisations, an obvious boon to their employers. Malhotra and Mukherjee (2004) related high levels of affective commitment to high levels of employee service quality and service recovery performance, thereby suggesting that affective commitment offers a tangible competitive advantage, since employees with such behavioural patterns improve an organisation's overall performance.

2.5.3 The Affective Commitment Component

In the literature, the 'voluntary' form of commitment has been labelled in various different ways: Meyer and Allen (1984, 1991) called it "affective commitment"; Kanter's (1968) earlier study referred to it as "cohesion commitment"; Angle and Perry (1981) and Mayer and Schoorman (1992, 1998) named it "value commitment"; Jaros et al. (1993) and Penley and Gould (1988) opted for "moral commitment".

Several studies, e.g. Meyer and Herscovitch (2001), Johnson et al. (2009), Somers (2009, 2010) and Stanley et al. (2013), proposed that employees with a dominating affective commitment profile showed a stronger desire to stay with their organisations than employees with other commitment preferences. In order to identify the advantages that affectively committed employees bring to an organisation, researchers started to look for clues as to how affective commitment can be stimulated, and which preconditions are necessary for employees to develop such affective behaviour. Porter, Steers, Mowday and Boulian (1974: 604), for example, related employees' affective commitment "to a belief in and acceptance of the [employing] organization's goals and

values”. O’Reilly and Chatman (1986) and O’Reilly et al. (1991) proposed compliance, identification and internalisation as valuable bases of commitment. Approaching commitment from a psychological point of view, O’Reilly and Chatman (1986: 493) considered these three foundations as the “basis for one’s psychological attachment to an organization”.

In the “process of identification” (O’Reilly and Chatman, 1986: 492–3), an individual will attach him- or herself to an individual object, group or organisation *after he or she identifies* “with the attitudes, values, or goals of the model”, and these factors “become incorporated into the cognitive response set of the individual”. O’Reilly and Chatman describe the “process of internalization” (1986: 497) as being characterised by the tendency of individuals to “imitate a model or to adopt characteristics and values of the model”. Organisational culture provides the framework for both steps of that process, since the culture system of a company defines expected attitudes and goals, and since it incorporates both personal as well as organisational values.

Meyer et al.’s (1993: 540) research led them to believe that the development of affective commitment could actually be stimulated under the condition that “involvement in the occupation proved to be a satisfying experience (e.g., provided the opportunity to do satisfying work or afforded the opportunity to develop valued skills)”. Thomas and Au (2002) and Wasti (2003) confirmed the importance of satisfaction on and with the job as one precondition for employees to develop loyalty towards their employing organisation. Konovsky and Pough (1994) identified trust and procedural fairness as necessary prerequisites for the development of affective employee commitment.

Focusing on the employee’s specific job tasks, Meyer and Herscovitch (2001: 316) proposed: “The mind-set of desire (affective commitment) develops when an individual becomes involved in, recognizes the value-relevance of, and/or derives his or her identity from association with an entity or pursuit of a course of action”. Vandenberghe et al.’s (2004: 64) data suggested that “perceptions of being supported by the organization, of having a constructive and quality exchange relationship with one’s supervisor, and of working in a cohesive work group” fostered affective employee commitment.

Another thread of affective commitment research (e.g. Meyer et al., 1990; Meyer et al., 1991) explored the issue of whether employees' inclinations towards affective commitment are already developed before they join an employer, or whether their experiences after entry into an organisation are more crucial. Meyer et al. (1991) and others suggested that organisations could actively promote affective commitment in their employees by proactively supplying applicants with accurate information about the company and its culture, e.g. about established and expected procedures, and by providing a high-quality work experience. Ostroff, Shin and Kinicki (2005: 617) found that the achievement of "value congruence remains an important influence on incumbents and newcomers alike". Askew et al. (2013: 172) suggested that affective commitment arises from "positive social exchange between the employee and the organization" and is based on "perceptions of support", regardless of whether employees have already been hired or not.

In general, there appears to be wide agreement among existing studies that both the period before and after entry into an organisation are very important for the development of affective employee commitment, even though the time after a new employee has joined seems to offer organisations a broader range of management solutions to actively influence the identification and internalisation processes.

An awareness of the notion that the growth of affective commitment can be consciously stimulated hands a remarkably powerful management tool to organisations, but it calls for the active involvement of executives in the process of encouraging such behaviour. Affective commitment needs to be seen as a state of "emotional attachment" (Askew et al., 2013: 172) between employee and organisation, which is neither fixed nor naturally given, but which can be stimulated and nourished. Top managers could and should therefore initiate the design of policies and programmes that encourage commitment, and by implementing, monitoring and continuously adjusting them, secure a tangible competitive advantage. As Pettigrew (1979: 579, emphasis added) pointed out, "commitments are not generated automatically out of interaction, *but must be earned*", i.e., the growth of affective employee commitment is a process that executives can and must actively manage.

In summary, this chapter has demonstrated that the Three-Component Model of commitment as developed by Meyer and Allen (1991) has undergone a thorough

empirical testing process and, some critical voices related to the separation of affective commitment from normative commitment (e.g. Solinger, 2008) notwithstanding, has proven to be a solid and reliable research model. Reputable studies have shown that commitment can have one or several foci. Research based on the TCM has also tested for relationships between the three components of commitment, although results remain inconclusive. Meyer and Herscovitch (2001) are frequently cited, because their study was the first to discuss the notion of ‘commitment profiles’ in greater detail. Researchers such as O’Reilly and his team (1991: 510) and Meyer and Herscovitch (2001) related the strength of affective commitment (‘value-based commitment’, in the case of O’Reilly) to ‘the centrality of shared values’ with a special focus on commitment behaviour and person-organisation fit (P-O fit).

It has become clear that a focus on the affective commitment component is a highly promising research approach. Relevant studies, e.g. Meyer and Herscovitch (2001), Johnson et al. (2009), Somers (2009, 2010) and Stanley et al. (2013), suggest that employees with a “pure affective” profile (high AC, low NC and CC) show a stronger desire to stay with their organisations than employees with “pure normative” (high NC, low AC and CC) or “pure continuance” (high CC, low AC and NC) profiles.

2.6 Summary

This chapter provided a comprehensive introduction to the relevant research concepts. When appropriate, it was also shown how these concepts are related to each other, and it was argued that all these concepts potentially allow business entities to achieve a tangible competitive advantage over their competitors.

The managerial decision-making process was shown to be strongly influenced by the personal value systems of the decision-makers. In order to communicate personal value preferences and to transfer them into the value system of the whole firm, executives should purposely develop the culture system of their organisation.

It was further demonstrated that the literature sees affectively committed employees as a potential source of added economic value. Employees who are affectively attached to their organisations are less frequently absent, feel more satisfied in their work, stay healthier, remain longer with their organisations and work harder.

Meyer and Allen's (1991) conceptual approach towards commitment at the workplace was introduced and discussed, as was the two-step process which researchers agreed was important to develop affective commitment in employees: (1) the selection of employees who fit well into the organisation and share the company's values; and (2) the provision of employees with positive job experiences, and thus the growth of a perceived feeling of support, fairness and trust in the leader (Meyer et al., 1991: 730).

Numerous studies were introduced which encouraged executive management teams to actively create an environment, i.e., a corporate culture system, that supports the growth of affective employee behaviour. Affective commitment was shown to develop in response to an organisational culture system which supports trust in leadership, fairness, empowerment policies, open and honest communication, comprehensible performance measures and/or leadership by values. Affective employee commitment, as well as employee-organisation value congruency (P-O fit), can be understood as an indicator of a coherent and effective organisational culture system.

3 Literature Review on Managerial Values, Organisational Culture, Person-Organisation Fit and Commitment in a Chinese Context

The size of China's displacement of the world is such that the world must find a new balance in 30 or 40 years. It is not possible to pretend that this is just another player. This is the biggest player in the history of man.

(Lee Kuan Yew, cited in Pan et al., 2010: 283)

3.1 Introduction

This chapter focuses on the Chinese context and summarises previous research on values, organisational culture, P-O fit and commitment in China. It also attempts to link the research results of the previous chapter to the political and economical environment of the PRC. For readers who are not familiar with Asia, some of the concepts discussed might seem unfamiliar at first. In order to allow for a proper understanding of the sociocultural context, the chapter thus begins with a brief introduction to China-specific phenomena that appear to be especially relevant to this study.

3.2 The People's Republic of China – Introductory Thoughts

Covering a total of 9,572,900 km², the People's Republic of China (PRC) is the third-largest country on Earth, and, with a total of over 1.38 billion inhabitants (at the end of 2016), it is still the world's most populous. The country's economy is expected to eclipse that of the USA and Europe combined by 2030 (ANZ insight, 2014: 7). The sheer size and diversity of China greatly adds to the complexity of potential analysis (Rowley and Warner, 2013: 622).

3.2.1 History

China is traditionally known as the Middle Kingdom. The Chinese *Zhōngguó* literally means 'the middle country': everything under the sky (*tiānxià*) was China, and China was all that a loyal Chinese would ever need to look for. Under such circumstances, there was obviously "no need [for Chinese] to venture beyond China's borders as no other civilisation was perceived as better developed than their own" (Matthews, 2000: 123).

For hundreds of years, this self-perception, also known as sinocentrism, was not altogether unrealistic, as China was certainly one of the most developed states in the world, and turned many of its neighbours, such as Korea or Vietnam, into tributaries or vassal states. But China's position changed dramatically in the wake of European colonialism in the 19th century.

The Opium Wars (1839–1842 and 1856–1860), which ended with the defeat of the Chinese Empire, forced the country to open up to western trade. During the 19th century, China also lost some of its territory to European colonial powers. In the 20th century, the war of 1937–1945, with the Communist Party and the National People's Party of China on one side and Japan on the other, ended only after Japan's capitulation to the USA. The civil war against the National People's Party of China, which the Communists won, led to the separation of Taiwan from Mainland China and to the founding of the People's Republic of China in October 1949. The Cultural Revolution in the PRC from the 1960s to the 1970s resulted in the deaths of untold millions of people and in the destruction of much of the sociocultural value system.

For a people that traditionally considered itself culturally superior to all other nations under the sky, being beaten in several consecutive wars over a span of more than 100 years was obviously devastating. Still mostly an agricultural country until well into the 20th century, China found itself defeated by the capitalist powers with their superior technology and military force. The reality proved a sharp contrast to China's self-perception, and this imbalance led to a deep and widespread identity crisis.

3.2.2 Societal Relationships

In pre-modern China, personality formation was strongly influenced by and “cultivated through a socialization process [governed] by the needs of an agricultural society” (Yu, 1996: 242). In traditional Chinese agrarian society, great value was placed on the family and its hierarchical, patriarchal organisation. China's social system was based on the five fundamental relationships (*wūlún*) of Confucianism: emperor-subject, father-son, husband-wife, elder-younger and friend-friend. These relationships demonstrate the clear status hierarchies in Chinese culture, which may be experienced even today in the ways in which power is distributed and exercised (Pye, 1985; Redding, 1990; Jackson et al., 2013). In reference to a previous study by Cen and Tsai (2013), Rowley and Warner

(2013: 619, emphasis in text) asserted “that Chinese chairpersons are very much influenced by the *cultural norms* of the country”. As Fukuyama (1995: 71) observed, “[t]he fact that a similar pattern of economic behaviour emerges whenever governments allow Chinese communities to organize their own affairs suggests that it is in some sense a natural outgrowth of Sinitic culture”. Farh et al. (1997: 424) compared the traditional five relationships to “pre-defined role plays of actors on the bigger societal stage”.

To render these five relationships workable, a society needs to balance them. Consequently, “the Chinese view harmony as the ultimate goal of humankind [...]” (Yang, 2012: 169). “Harmony”, as Westwood and Posner put it (1997: 43), “is the key factor in traditional Chinese culture with roots in its central philosophical/religious doctrines”, in which “the ultimate goal [...] is not an ideal non-contradictory solution but a balanced yet continuously dynamic status of harmony, a constantly changing process of ‘harmonization’” (Chin, 2014: 329).

3.2.3 Economic Development since 1949

Although the Communist Party of China (CPC) was founded in the urbanity of Shanghai, the values of its leaders as well as its power base were deeply rooted in the vast countryside of China. Accordingly, the party had little experience in managing modern urban industry when it came to power in 1949, and “depended heavily on the Soviet Union for industrial equipment, technology, and management expertise” (Zang, 1995: 82).

Through “the so-called *socialist-transformation* (1950–1956)” (Ding and Warner, 2001: 317, emphasis in text), the Communist Chinese leadership transformed privately owned businesses into state- or collectively owned enterprises. It based its rule on a system of exchange of political loyalty against some form of perceived economic safety – safety that the state guaranteed. Researchers have referred to this system as the ‘three irons’, meaning guaranteed lifetime employment (the iron rice bowl), low but fixed state-administered salaries (iron wages) and inflexible state-controlled positions, dependent more on political orientation than on performance (the iron chair) (Ding and Warner, 2001; Zhou et al., 2012). While this system promised security, it also led to low motivation and inefficiency (Ding and Warner, 2001). Other studies reproached it with

fostering “organisational dependency” (e.g. Walder, 1986; Warner, 1995 and Ding et al., 2000, 2002) and with “breaking the hold of the traditional Chinese family by encouraging other sorts of loyalties – to the commune, the party, and the state itself” (Fukuyama, 1995: 66).

After the disaster of the Cultural Revolution, the death of Mao Zedong in 1976 and the fall of the so-called Gang of Four (a powerful cabal within the Communist administration that included Mao’s widow, Jiang Qing), Deng Xiaoping led China towards a pragmatic plan designed to modernise the country by the early 21st century. Dramatic changes, mostly economic, were introduced: “Practices that were denounced as capitalist and revisionist during the Cultural Revolution [were] reinstated, including the use of material incentives, such as bonuses, to spur production” (Tung, 1988: 144). The “three old irons” were also subject to change and eventually “phased out [...] [by the] enterprise reforms of the 1980s – early 1990s [...]” (Ding et al., 2000: 218; see also Ding and Warner, 2001). This erosion of job security led “to employees becoming less loyal toward their organizations and more interested in maximizing their individual welfare” (Hofman and Newman, 2014: 646).

From 1979 on, the so-called Open-Door Policy invited western companies to start investing in China. In the same year, the China Enterprise Management Association (CEMA) was established (Tung, 1988). The Chinese government sped down this reform path toward an open, market-driven economic system with tremendous urgency, mercilessness and determination. At the same time, the PRC leadership was unwilling to loosen its grip on political power even slightly. Bridging this gap was a delicate balancing act. Under the economic reforms, the Chinese government decollectivised the rural economy, allowed private and semi-private enterprises to flourish and decentralised economic control. Many jobs in state-owned enterprises were lost, one cause being that the monopoly of the government on foreign trade was abandoned (Alas and Wei, 2008).

In 1983, China issued its first stocks, and in 1984 its first stock-trading company was registered. In February 1985, the first bankruptcy law in the PRC, “The Regulations on Bankruptcy and Liquidation of Urban Collective Enterprises”, was proclaimed. In May 1988, there were already more than 6,000 businesses under China’s stock enterprise system (Zang, 1995).

Deng's new direction of economic development under the Open-Door Policy led to quick success for many. China's foreign trade figures "jumped fivefold between 1978 and 1990 to US\$115 billion [...] [and] by 1992, foreign trade contributed one-third of the nation's GDP" (Leung, 1997: 246). In 2001, China was accepted into the WTO, another major milestone in its drive for international recognition based on economic success.

Overall, as Zhang (2012: 161) observed, the PRC benefited "from institutional changes from a highly centralized planning economy system to [a] market-orientation economy system [...], [thus greatly improving] the efficiency of resource allocations, and releas[ing] the productivity that was suppressed in the planning economy system [...]"

Today, China is the second strongest national economy worldwide, with an average GDP growth of 6.7 per cent in the second quarter of 2016 (Wildau and Hornby, 2016). The country has successfully transitioned from "a traditional agrarian economy to an agrarian-industrial one" (Pan et al., 2010: 286). Changes of such enormous magnitude are rightly referred to as a social revolution, which inevitably brings changes to the sociocultural value system and, in turn, to the personality structure and the personal value systems of the people in affected societies (Pan et al., 2010: 294). Social upheavals on such a scale are almost universally accompanied by "growing inequality, environmental degradation, and rampant corruption" (Miao et al., 2014: 729).

3.2.4 Private Chinese Companies: Drivers of Change

The great majority of companies established in the PRC since 1949 have been state-owned enterprises (SOEs) (Zang, 1995). Besides SOEs, the system also contained collectively owned enterprises, whose property was owned collectively by the workers, and where production was more market-oriented (Smith and Wang, 1996). Since 1978, laws have been introduced that have permitted the establishment of foreign-Chinese joint ventures, private foreign companies and private domestic companies (Zang, 1995; Boisot and Child, 1996).

In their literature review of 24 leading English-language academic journals over the 18 years from 1986 to 2003, Li and Yang (2006: 206) identified 92 articles related to private businesses in China. In these studies, private Chinese firms were characterised

as incredibly small, often undercapitalised, family-like structures (e.g. Hofstede, 1993; Perrewé et al., 1995; Boisot and Child, 1996; Smith and Wang, 1996; House et al., 2004; Ralston et al., 2006b; Tsui et al., 2006a; Chuang et al., 2012; Büschgens et al., 2013).

Even outside of China (for example in the USA or Canada), Chinese-owned businesses tended to be based on family structures (Fukuyama, 1995). This phenomenon is still observable, despite “the explosion of Chinese industry around the world in the past twenty years and the high-tech, modern façade of many Chinese companies” (Fukuyama, 1995: 70). Historically, such family structures protected Chinese businesses against the obvious daily uncertainties in a society where, as Hofstede (1993: 86) explained, “there were no formal laws, only formal networks of powerful people guided by general principles of Confucian virtue. The favors of the authorities could change daily, so nobody could be trusted except one’s kinfolk – of whom fortunately there used to be many, in an extended family structure”.

Illegal until the 1980s, “China’s private sector (or non-state sector) takes many forms, but collectively it has become China’s most important engine of growth” (Tsui et al., 2006a: 4). While the share of GDP contributed by non-state firms is constantly growing, the share contributed by SOEs is declining in real and relative terms (Boisot and Child, 1996). “State-Owned Enterprises accounted for 77 per cent of industrial output in 1978, but only about a quarter in 2000 [...] [while] employment in SOEs declined from 112.6 million in 1996 to 81.2 million in 1999” (Deshpandé and Farley, 2003: 209). While there were only 150,000 licensed private firms in 1987, by the end of 2003 that number had increased to 3 million (Warner, 1995; Tsui et al., 2006a). “Currently, the number of private enterprises in China exceeds 8.4 million” (Fu and Deshpande, 2012: 301).

In the late 1970s/early 1980s, the Chinese government came under extreme pressure from the labour market. Since the establishment of the PRC in 1949, state-owned companies had basically employed the entire urban workforce (Tsui et al., 2006b: 347). But from 1976 on, after the ten years of the Cultural Revolution, “about 15 million intellectuals and young people returned to the cities from the countryside” (Tsang, 1994: 452), where they had been ordered to labour under the supervision of local farmers’ collectives. The state-owned sector was incapable of absorbing such huge numbers of people seeking work. One third of Chinese SOEs were already reporting

losses, with another third having so-called hidden or unpaid debts (Boisot and Child, 1996: 611). Hence, by formally approving private domestic firms, the Chinese government helped to free itself of a huge social burden.

In the 1980s, the group of private Chinese entrepreneurs was made up of private citizens, returnees from overseas, former government officials, cadres and the children of current government officials (Vanhonacker et al., 2006; Wu, 2006). The first small private firms were called *gètíhù*, and were allowed to employ no more than seven people; they operated mainly in the commercial and service industries (Young, 1989). In 1988, a new law legalised private domestic firms with eight or more workers, effectively “setting the foundation for the rise of the domestic private sector” (Tsui et al., 2006a: 6).

Even now, however, private Chinese companies suffer inherent disadvantages, the most relevant of which being the lack of private property rights. The Chinese government has handcuffed itself here by its insistence that China is still a socialist country in which, by definition, no private property rights exist (Tsang, 1994: 456). Private businesses in the PRC are also hindered by “a rational-legal framework [that] fails to engender confidence in a wider system of bureaucratic or market transacting outside networks based on personal power, commitment, and trust” (Boisot and Child, 1996: 604). These networks are, in most cases, bound up with governmental institutions, so that the relationship between non-state firms and state bureaucracies “remains essentially feudal, with the local bureaucracy offering protection in return for loyalty from the private and collective enterprises that come under its jurisdiction” (Boisot and Child, 1996: 607).

In some cases, private domestic businesses have even preferred to change their identities altogether and become ‘local collective enterprises’ or ‘partnership enterprises’ instead; they thus come under direct government protection in return for a ‘management fee’ of up to 30 per cent of the firm’s profits (Kraus, 1991; Nee, 1992). This situation makes it a “daunting task” for researchers to try and identify the actual size of the private domestic sector in today’s China (Tsui et al., 2006a: 5). What is more, even though they are technically allowed to exist, private domestic firms have long been discriminated against through means as diverse as discouraging newspaper articles, difficulties in obtaining sufficient electrical power or equipment, and the refusal of credit or even bank accounts (Fan and Li, 2001: 2).

Often already undercapitalised, discriminating credit approval practices threaten to strangle private companies and bring them dangerously close to bankruptcy. To avoid such a fate, the owners and executives of private firms need to seek close ties with the relevant government officials (Boisot and Child: 1996), and thus pay them “contributions and fees” in order to be able to run their businesses “more smoothly” and at the same time to ensure that the authorities turn a blind eye to their “illegal activities such as tax evasion, profiteering, and selling banned products” (Tsang, 1994: 451). A recent conference presentation by Fan et al. (2013: 482, emphasis added) confirmed that this state of affairs continues to persist, and that there is still a “consistent *positive* relationship between managerial (both business and political) ties and firm performance”.

Private Chinese companies also face an uphill battle against “the flight of human capital and poor retention of local staff” (Fu and Deshpande, 2012: 305). In an independent survey, “47% of companies reported that the employee turnover rate was still above 10% [and partially] even as high as 20% [which means] that China has experienced the highest employee turnover rates [in Asia], which is twice that in Japan” (He et al., 2011: 201). Research also showed that the huge uncertainties of private Chinese companies regarding the competition for skilled staff “hurt organisational productivity” and “the ability to innovate” (He et al., 2011: 201; Hofman and Newman, 2014: 631).

To counter such disadvantages, private domestic companies try to strengthen their market position by dramatically “raising their employees’ salaries” (He et al., 2011: 201) or by, for example, implementing commitment-based human resources management (HRM) practices. By doing so, as Gong et al. (2006: 265) reported, the private Chinese firms in their sample achieved a potential competitive advantage, since “compared with financial and physical capital resources, [HRM practices] are more difficult for competitors to imitate” (Gong et al., 2006: 265). Further to this, HRM practices “help to establish a good reputation for rewarding, respecting, and developing human resources” (Gong et al., 2006: 265). They thus provide exactly what management talent in China ought to be looking for when hiring new employees: In a very recent study, Tan and Shen (2016: 161) concluded that “for those Chinese employees who worked in both state-owned and private organizations, the sooner they understood social relationships in the organization, the faster they formed affective commitment”.

A business future that is often perceived as insecure as well as “fast changing policies have forced private firms to operate on a short-term basis. Long-term growth is sacrificed to quick profits” (Tsang, 1994: 457). For western management practitioners in China, the last point is absolutely crucial if they want to come to an understanding of why Chinese business people are so often in favour of a tactical instead of a strategic approach towards business development: They simply do not trust the system enough to wait with the harvest until late in the season, and often would rather collect the fruits of their labour prematurely than run the risk of ending up with empty hands.

China traditionally perceived itself as a place ‘favoured by heaven’; its recent history, however, has led to a considerable imbalance between its historical self-image and the country’s actual position in the hierarchy of the modern world. Since the establishment of the PRC in 1949, the country has gone through several periods of dramatic societal changes; since the end of the 1970s, the country has followed a successful modernisation course, with a strong focus on changes to its economic system.

The emergence of the private domestic sector in China has had a tremendous impact in political, sociological and economic terms (Gold, 2006; Tsui et al., 2006a). Often left to struggle for access to financing, management power and protection from corrupt officials, privately owned domestic companies seek stable long-term relationships with relevant government institutions – sometimes this even means abandoning the status of private ownership altogether. But in spite of so many disadvantages, private Chinese companies have succeeded in creating a strong industrial power base, and some private players have already emerged as a significant force in the international economy. Privately owned companies in China may be a relatively new phenomenon, but despite political and financial uncertainty they have proven their willingness to embrace change and innovative ideas.

3.3 Societal Values in China

Impressed by the economic success not only of China, but also of all the other so-called ‘tiger economies’ of East Asia in the 1980s, researchers developed what became known as the Post-Confucian Hypothesis (e.g. Kahn, 1979; Hofstede and Bond, 1988; Bond and Hofstede, 1989; Chung et al., 1989; Redding, 1990; Hofstede, 1991). Behind this culturalist hypothesis stood the idea that (1) specific societal values based on the

Confucian tradition were responsible for this dramatic industrial development, and that (2) Asian nations will continue to be superior in their economic development in the future because of these values. According to Hofstede (1993), countries with strong ethnic Chinese communities and a correspondingly high esteem for Confucian tradition, such as the PRC, Taiwan, Hong Kong and Singapore, stand out in this respect.

3.3.1 The Confucian Value Tradition

China's societal values have their roots in several traditional schools of thinking, with Confucianism playing a particularly important role. Kǒng Fūzǐ (literally 'Master Kong'), whose name Jesuit missionaries latinised as 'Confucius' (561–479 BCE), was born into a tumultuous age "when many vassal states fought and competed for supremacy [...] [and] the imperial house [...] slowly sank out of sight as the local nobles struggled with one another for power" (*Encyclopædia Britannica Online*, 2014). In these times of upheaval, the one thing most people were probably longing for was security. Consequently, Confucius' thoughts on the ideal societal system are dominated by two main principles: social stability and harmony based on hierarchy.

Further key principles of Confucianism are (2) that "the family is the prototype of all social organisations", (3) that "virtuous behaviour toward others consists of treating others as one would like to be treated oneself", and (4) that "virtue with regard to one's tasks in life consists of trying to acquire skills and education, working hard, not spending more than necessary, being patient, and persevering" (Hofstede and Bond, 1988: 8).

The major value concepts in Confucius' philosophy are *yì* (righteousness) and *rén*, which is commonly translated as "benevolence", "human-heartedness" or "humanity". *Rén* is considered to be the "material essence" of a person's duties, and Confucius sometimes also uses the term to refer to all human virtues combined: "In such contexts, *jen* [i.e., *rén*] can be translated as 'perfect virtue'" (Fung and Bodde, 1959: 42–3). In Confucianism, attaining virtue is "the highest form of achievement. Attaining virtue means 'to create and bequeath to prosperity a model of behaviour' or 'to leave benevolence and grace for eternity'" (Yu, 1996: 232). Confucius placed great emphasis on the family and its mutual relationships. Human-heartedness is meant to include

persons outside the family as well, but Confucianism “narrows social responsibility to those with whom one comes in contact” (Pan et al., 2010: 290).

These Chinese relationship networks can also be found in the business world, where personal agreement rather than the exact letter of the contract plays the decisive role (Wang, 2007). The Chinese concept guiding such behaviour is *xìnyòng*, meaning interpersonal trust, without which “it is virtually impossible to build and maintain a relationship in China” (Wang, Shi and Barnes, 2015: 475).

“The Confucian great tradition [did not originate in the impoverished countryside but] reflects the idealized, abstract thoughts of the upper classes” (Yu, 1996: 232). Many rulers of China successfully bolstered their claim to leadership with suitable elements of Confucius’ teachings. They invoked, for example, the idea that “the role of the self is not to express and manifest itself [...] but to develop the internal moral self” (Yu, 1996: 233). Rulers also used to their advantage the assertion that “individuals who occupy the inferior roles (i.e., minister, wife, son, younger brother) are obliged to be obedient and loyal to their respective superiors” (Chen et al., 2002: 341).

The year 1949 marked the victory of the Chinese Communist armed forces against Chiang Kai-shek’s Nationalists and the establishment of the People’s Republic of China. Remarkably, the new revolutionary government fell back on leadership behaviour that followed the model of hundreds of years of imperial rule: “The Communists replaced feudal social order, as espoused by Confucius, with Communist social order. As such, one form of patriarchal order was replaced with another” (Ralston et al., 1992: 670). Simultaneously, the Chinese government “imposed isolation from the rest of the world [and] eliminated, for example, organized religion and Confucian values” (Cheung and Chow, 1999: 371) – at least it attempted to do so for a certain time.

In modern-day China, Confucianism has been rehabilitated, and the basic Confucian values are “altered or adapted to fit the newer model of the political state” (Matthews, 2000: 121). Lachman (1983), Yang (1988) and Zuo (1991) have argued that not even Mao’s Cultural Revolution could destroy China’s adherence to Confucian values (see also: Bond, 1991; Ralston et al., 1995b; Holt, 1997; Matthews, 2000). According to other researchers, the societal value system in China is currently in a state of flux and

under intense pressure to reinvent itself, because the traditional Confucian value system “has lagged two ages behind” (He, 2010: 7199; see also Whitcomb et al., 1998: 849).

In an article in the *China Daily* newspaper (He, 2013), China’s current president, Xi Jinping, was quoted as having said that “Confucian thought can play a positive role in China’s development today [...] [and] research on Confucius and Confucianism should follow the rules of making the past serve the present and discarding the dross while keeping the essential”. History is repeating itself here: “Confucianism culture”, as He Fangchuan (2010: 7201), professor at Peking University, put it, “has undergone time and time again reforms for the sake of its self-consummation [*sic*]”.

This section has shown that Confucianism, with its five basic relationships outlining how to organise a society and its focus on family and harmonious coexistence, still has a great influence on the sociocultural value systems in China and in the wider Asian context. “As a belief system, Confucianism has provided the Chinese with great stability and resilience” (Redding, 1990: 48). Because of its long tradition and its numerous and diverse sources and influences, the Confucian system has always been vulnerable to political exploitation by Chinese rulers. At the same time, it could be argued that it is precisely this flexibility that has enabled the Confucian model to reinvent itself and to adapt to the exigencies of modern Chinese society.

3.3.2 Societal Values in a Chinese Context

The question of whether or not China’s sociocultural values, especially its collectivistic value focus, are changing due to the opening up of the country to foreign business and influence remains a popular research topic in China-related value studies. Are changes taking place, and if yes, where do they lead? In a similar vein, researchers are keen to establish whether Confucian values are still important to Chinese society today.

Overall, there is a wide-ranging consensus in the literature that eastern societies are demonstrating a pragmatic approach towards change and the adaptation of new ideas: What is true or who is right is less important than what works. “Eastern cultures”, Hofstede and Bond (1988: 20) explained, are “putting [western] technologies into practice according to their synthetic abilities”. Ralston et al. (1994: 994) confirmed that “the Chinese view of ethical behavior appears to be very pragmatic [...]. What is ethical

is relative, and as long as ‘face’ is not lost or is not a concern, ‘dao de’ [virtue, the right way] is intact”. Matthews (2000: 123) described China’s modernisation as a process that “involves technology, behaviour and material progress whereas Westernisation involves values, thinking or traditions originating in the West. [...] This distinction allows modern Chinese to adopt what they wish from the West while still preserving essentially Confucian values [...]”.

Even though China’s economic reforms were undertaken in the spirit of preventing the country from becoming westernised, researchers found that the reforms have nonetheless led to the importation of certain “western practices and value systems” (Woodbine, 2004). China has, for example, “borrowed managerial approaches” (Yang, 2012) from the West. At the same time, the Chinese government has always kept a wary eye on these changes in the hope of keeping the reforms from expanding into the political sector. This is why the Internet in China is strictly controlled, certain web services are blocked (e.g. YouTube, Twitter, Facebook), and the media’s use of language is carefully screened (Yang, 2012: 167). Other studies by Whitcomb et al. (1998) and Ralston et al. (1995b) documented what might be the beginning of a cultural value change process in China, but called it a “partial paradox”, since “although the Chinese may be hungry for change, they are reluctant to alter their social traditions in the process” (Ralston et al., 1995b: 14).

For Felfe et al. (2008), the PRC still represents the most traditional and collectivistic society in Asia. Based on earlier work by Triandis (1989, 1995), Triandis and Suh (2002) referred to the PRC as characterised by “vertical social relationships”, i.e., by an emphasis on in-group cohesion, tradition and group norms, but also on the importance of authority and hierarchy. In similar fashion, Alas and Sun (2008) attributed very strong collectivist tendencies to the Chinese, enhanced by the traditional teachings of Confucius. In 2004, a Global Leadership and Organizational Effectiveness (GLOBE) study (House et al., 2004) revealed that China held the seventh position in the world in terms of institutional collectivism, and ninth in terms of in-group collectivism.

Westwood and Posner (1997) grouped the specific characteristics of Chinese collectivism into three dimensions: (1) an external locus of control; (2) a strong-relationship focus; and (3) a strong in-group focus. “Chinese collectivism”, they wrote (1997: 56), “works [as] a strong in-group to out-group distinction and a strong

personalistic and particularistic relationship is required for in-group identification and coherence. [...] [Consequently,] one could predict a high value being placed on co-operation when a clear, close tie exists with the other group, but not without that relationship”.

In China, the strongest attachment to a group is usually that to the (extended) family, the clan. In the words of Ralston et al. (1993: 267), family is “the source of identity in the Chinese culture and Communism extends the family to include the nation”. The Chinese word for family is *jiā*; a group is a big family, *dàjiā*, and the country is referred to as a national family, *guōjiā* (Liu, 2003). “Parents and other family members remain the most significant evaluators of an individual’s achievement; [of] primary concern is whether or not a child’s achievement performance conforms with the expectations of a family or clan” (Yu, 1996: 242). Private Chinese companies can be understood as an accurate reflection of this in-societal structure and behavioural principle.

One main thread of societal value research focuses on comparisons between different cultures, nations and people (Hofstede, 1980, 1998b; Hofstede and Bond, 1988). Among the now identified “six major dimensions” (Busse et al., 2015: 172) of general societal values, the collectivism/individualism construct is, perhaps, the best understood and most often researched element (Yang and Stening, 2013). In an earlier in-depth discussion of the link between collectivism, individualism and social behaviour, Leung and Bond (1984: 802) argued that this relationship could best be understood as (1) a heightened distinction between in-groups and out-groups; (2) a concern for harmony in in-group situations and equity in out-group situations; and (3) a willingness to sacrifice for in-group members.

As the studies mentioned above demonstrate, collectivism is still seen as the dominant sociocultural dimension in China. At the same time, some studies seem to provide evidence for societal change. Schwartz (1994b: 111), for example, claimed that based on his research, the PRC is *not* a “prototypical collectivist society [...] [since his Mainland China samples were] especially high on the importance attributed to Hierarchy and Mastery values, low on the importance of Egalitarian Commitment values, and average on the Autonomy-Conservatism dimension”. Schwartz (1994b: 111) interpreted these scores as supportive of the notion that China is “a culture that legitimates hierarchical differentiation [i.e., individualism], [while] the major hallmark

of this culture is an emphasis on entrepreneurship within highly regulated relationships”. Yang and Stening (2013: 423) argued that although China and its particular variety of Communism might correctly be described as being rooted “in notions of collectivism”, the country is “in many respects quite individualistic”. Recent Sino-studies (e.g. Ralston et al., 2008; Cao, 2009; Gamble and Tian, 2015), referring to the proven correlation between growing economic affluence and an increasing level of individualism (Basabe and Ros, 2005; Fincher et al., 2008), confirmed the phenomenon: Chinese managers in more highly developed cities and geographical areas displayed a greater degree of individualism than their colleagues in less affluent regions, who retained close ties to traditional collectivist values. Looking ahead, it was further argued that, given the sheer size of China and its currently unbalanced growth patterns, more and more in-country differences in regard to sociocultural values are to be expected (Gamble and Tian, 2015: 950–1).

3.4 Managerial Values in China

The current Chinese leadership depends on the country’s managerial class to deliver a targeted annual GDP growth rate of almost 8.5 per cent on average over the last three decades, and to preside over the world’s second-biggest economy (Fu and Deshpande, 2012: 301). Yet this professional group was not always valued as highly by the Communist authorities as is the case today.

3.4.1 Managers in the PRC

Historically, under the Confucian order of Chinese society, “business was ranked at the lowest level” (Whitcomb et al., 1998: 840), and the managerial class was looked down upon. During the brief Republican era (1911–1930), a Chinese business and management class came to power that mixed business and politics and took advantage of the considerable human resources offered by the country’s large eastern cities, especially Shanghai. The Soong family is a famous example of what was then a new social class. Under the political system of the PRC from 1949 to the late 1970s, “the whole nation became one firm, and managers had to passively receive instructions from the top” (Yang, 2012: 172). Managers were appointed based more on their political reliability than on their professional expertise. The centralised decision-making processes of the system “effectively put managers under the control of the Communist

party cadres in the enterprises” (Smith and Wang, 1996). During the economic reform period of the 1980s, Chinese managers became more powerful within their organisations. While earlier studies showed that Chinese managers preferred ‘command-style’ behaviour, more recent research has demonstrated that Chinese managers have adjusted their leadership styles, adapting modern western patterns of organisational leadership instead.

Since the Communist Party of China was rooted in the agrarian tradition of China, the party leadership, inexperienced in managing industrial organisations, was rather suspicious of the managerial class. This attitude was reflected in the appointment process for enterprise executives in the PRC until the 1980s: “Managerial personnel were appointed or selected from among those workers who were considered both ‘red’ (that is, politically sound) and ‘expert’ (that is, technically competent). This was done through recommendation and discussion by fellow workers, Party Committee members, and managerial personnel in the enterprises concerned” (Tung, 1988: 157). The Chinese government quickly came to the realisation that, in order to achieve its economic growth targets, it needed to adjust the system, and “thus decided to transform managers from party cadres into ‘hired hands’ to make managers work” (Zang, 1995: 99). At the same time, “the government attempted to raise industrial production by depending on the manager job responsibility system [...]” (Zang, 1995:97). “[B]y the end of June 1987, [...] approximately 64 per cent of all large- and medium-sized state enterprises [...] already had carried out the manager job responsibility system for some time” (Zang, 1995: 90).

The system had 16 variations (Zang, 1995: 99). Under one form, SOEs were auctioned off to the highest bidder, who then became company director. In return, “the successful bidder had to pledge all his/her personal belongs [...]” (Zang, 1995: 90).

After the changes of the 1980s, the management structure of surviving enterprises consisted of a Party Committee and a Working Committee (consisting of senior management) (Tung, 1988). “Each Party Committee [was] headed by a party secretary [...], [each] Working Committee [was] headed by the factory director and made up of deputy directors and responsible technical and administrative cadres” (Tung, 1988: 147).

The leadership structure in Chinese SOEs evolved from the “three-man leadership system” established during the 1930s in the areas then under Communist control (Smith and Wang, 1996). Under this system, the executive team of an enterprise consisted of the factory director, the Party secretary and the trade union leader. “In the 1940s, this system was replaced by the Factory Committee, which was comprised of the factory director, Party secretary, and trade union leader, plus [appointed] representatives of technicians and workers” (Smith and Wang, 1996: 323).

In their thorough analysis of the changing structures of enterprise management in the PRC, Smith and Wang (1996) described how the Communist Party at first experimented with a Soviet-style one-man leadership model immediately after 1949, which was replaced with factory director management under party committee leadership by the late 1950s and early 1960s. Chinese enterprises were now jointly managed by the party organisation, the administrative team and the trade unions, while “the party secretary played a decisive role” (Smith and Wang, 1996: 323). This, of course, is hardly surprising: At the time, basically all leadership representatives were members of the CPC besides their administrative roles. After 1978, management power was greatly decentralised, and managers were given “authority to run their enterprises” (Smith and Wang, 1996: 323), including the right “to hire and fire” (Ding et al., 2002: 433).

Executives in state-owned companies were by definition “top organizational leaders” (Granrose et al., 2000: 488). While managers before the 1980 reform process were in most respects seen as equal to their employees, after the restructuring of the 1980s, management in Chinese SOEs became dissociated from the general workforce. Recognising this growing gap, employees from different state-owned firms in the Liu (2003: 409) study expressed “a desire for more equality”. But employee “desires” were often ignored. As a consequence, Chinese employees started to take to the shop floors to fight for their rights (Chan et al., 2006b; Hille and Jacob, 2013). Between 1992 and 1997, the PRC registered two million labour disputes (Chen, 2003: 1006).

Rowley and Warner (2013: 622), on the other hand, came to the conclusion that many senior Chinese executives rely on ideas “from Buddhism, Confucianism, and Daoism to instil mutual respect, social responsibility and an ethical code in the workforce”.

Historically, the Chinese have preferred family-owned business set-ups. In these entities, the head of the in-group was essentially the “top executive”, and his brothers, sons, nephews and other blood relatives became managers and employees. Today, top as well as lower positions are open to women as well, and executive managers in private companies in China, metaphorically speaking the head of the clan and his or her kinsmen, enjoy a great deal of authority and power (Boisot and Child, 1996). As explained above, based on traditional Confucian values, the positions in these clan structures are static and clearly regulated. The executive leader cares for the followers, who in turn show loyalty and dedicate their knowledge, time and energy to the leader and the organisation.

In the current environment of the PRC, however, this type of structural set-up is almost inevitably problematic. Chinese families are being limited in their reproduction of talent by government regulations on birth control. Only trusting one’s own family members for management positions will almost inevitably limit organisational growth (Fukuyama, 1995; Ralston et al., 2006b). Besides, limiting trust and employment to family members makes it difficult for hired professional managers to establish the same level of confidence in the in-group leader. Yet without such an ‘account’ of trust (*xìnyòng*) (Wang, 2007), the employed manager cannot make decisions that might be necessary, the family business cannot benefit from the manager’s professional skills, and consequently both parties cannot be successful. What is more, most of these private firms are still relatively small (Boisot and Child, 1996), with few levels of management and correspondingly limited career opportunities for management talent. Moreover, private domestic firms are often confronted with a lack of financial resources, leaving them unable to compete with state-owned companies and foreign-controlled organisations on, for example, pension schemes or affordable housing programmes (Tsang, 1994; Ralston et al., 2006b).

Given such obvious limitations, it does not come as a surprise that private companies are still “not popular employers” (Gong et al., 2006: 265) for many Chinese managers. A perceived lower social status of people working for privately owned domestic firms, as well as high pressure to perform on the job, contribute further to this attitude. As outlined above, private domestic firms try to compensate some of their disadvantages by caring better for their management and employees than state-run employers (Chuang et al., 2012).

In summary, it was shown that managers in the PRC only became a relevant societal subgroup in the wake of the introduction of economic reforms in the late 1970s. Traditionally looked down upon, managers are well respected today, enjoying social prestige, personal wealth and often tremendous power. Top executives in private Chinese companies are still mostly members or very close friends of the family who founded or owns the business. The relationships between executives and employees are often described as still being regulated by Confucian value concepts. Since “the flight of human capital and the retention of local staff is the biggest challenge” faced by all employers in today’s China (Fu and Deshpande, 2012: 305), private organisations have to compete for suitable candidates against state-owned or foreign-financed companies, and in general find themselves in a position of disadvantage.

3.4.2 Managerial Leadership Values

In an eastern cultural context, the leader figure is always perceived to be close to the collective – be it to the management team, or to the ‘mass’ of employees. Felfe et al. (2008: 218), for example, confirmed that, although a Chinese corporate leader occupies a superior position in a company as is the case in the West, in a specifically eastern understanding he or she “represents the group”. One of the main leadership functions is therefore “to develop and strengthen the group identity among team members” (Felfe et al., 2008: 218). Hui and Tan (1996) listed a number of personal values characterising ideal leaders in Chinese organisations: Leaders should behave like the parent of a company, be benevolent and considerate, self-restrained, honest, trustworthy and impartial. For Yang (2012: 172), the essence of the Chinese approach to leadership can be found “in the dated Confucianism classic ‘the Doctrine of the Golden Mean’ (i.e., *zhōngyōng*)” – with the basic principle of this essence being “to bring about equilibrium [with leaders acting] as social integrators, who are part of a work group and who have concern for the welfare of subordinates”. Corporate leaders were also defined as symbols of their organisations, who can request loyalty in exchange for care towards the employee (Chen, 1997; Chen and Francesco, 2000).

Chinese notions of organisational leadership are charged with an impressive set of (mostly ethical) values. Leaders seek to position themselves close to both the management team and the employees, since it is only their numerous following that makes them leaders in the first place. More recent studies, e.g. Fu and Tsui (2003), He,

Chen and Zhang (2004) and Newman and Butler (2014), suggested that these norms might be changing: Chinese corporate leaders are increasingly relying on, for example, western-style human resources management to successfully reach out to younger generations of employees, who are more individualistic.

As the GLOBE project has shown, employees worldwide prefer charismatic/inspirational and ethical leadership behaviours (House et al., 2004). In regard to preferred leadership styles in Chinese business organisations, Selmer (2001: 8) noted that “leadership patterns are still influenced by Confucian precepts” since “Confucianism has permeated Chinese organizational behaviour, resulting in a largely autocratic managerial style. The delegation of power is very limited with most power held by the managing directors or a small group of top managers and party officials”.

Hoppe (2004) found that in Chinese organisations, ‘autocratic’ and ‘command-based’ leadership styles were typically seen as being more effective than participative, transformational styles. While this system seems to have worked reasonably well for the last 2,000 years, it has obvious limitations when it comes to the further economic growth of the present-day PRC. Newman and Butler (2014), for example, in turn referring to earlier research by Zhang and Lam (2004), Zhang and Wu (2004) and Huang et al. (2006), suggested that management in the Chinese hospitality industry has abandoned traditional leadership values in favour of modern western management ideas in order to retain and better motivate employees, and in order to make themselves more attractive to fresh talent. Gao and Kotey (2008: 17) attested that the Chinese CEOs in their sample had “developed individualistic-entrepreneurial values” in addition to their traditional value sets, “enabling them to respond proactively to business decisions”.

Earlier studies, such as that of Ralston et al. (1997), had already questioned whether the traditional ways of running a corporation in China could continue to produce the desired results in a rapidly changing sociocultural and organisational environment. Recent studies (e.g. Miao et al., 2012; Zhu et al., 2013; Newman and Butler, 2014) found additional evidence that Chinese executive managers have learned to adjust their leadership styles to the specific demands of a fast-changing environment. As Newman and Butler (2014) pointed out, however, the effect of transformational leadership can be limited or enhanced by the cultural values held by each employee.

Further studies on managerial and political leadership issues in a Chinese context have shown (1) that leaders are expected to set moral standards and show more concern for the collective well-being than for their own (Fu and Tsui, 2003); (2) that leaders are expected to be “sage-like” (Cheung and Chan, 2008); (3) that Chinese leaders should communicate a vision in order to develop commitment among followers (Fu et al., 2010); and (4) that Chinese leaders in general are expected to embody high moral standards (Hui and Tan, 1999; Cooke, 2008).

In the present study, leadership style is understood as one of a whole range of possible expressions of the overall culture of a specific organisation (Cameron and Freeman, 1991: 34; Cameron and Quinn, 2011: 22). Chinese executives who express high moral standards, and who behave and manage their organisations accordingly, fulfil their employees’ expectations of an ethical and fair corporate culture.

As is the case with corporate leaders in other countries, Chinese executive managers’ success depends on the effectiveness of their leadership. Managerial effectiveness is a function of the appropriateness of leadership style in relation to the environment in which it is implemented (Bruno and Lay, 2008). A functional relationship exists between modern leadership styles and higher levels of affective commitment in employees: Fu et al.’s (2010: 249) study, for example, confirmed that leadership effects in a Chinese context were “not a simple matter of the leaders’ external behaviour but [...] also a product of their internal values”. Employees were found to be keen observers, willing and able to identify the deep-seated values of their managerial leaders. Consequently, executives who are identified as being responsive and fair are likely to be more successful in terms of inspiring and maintaining affective commitment in their followers (Colquitt et al., 2001; Meyer et al., 2002; Rhoades and Eisenberger, 2002; Jackson et al., 2013).

This study assumes that value congruency between in-group leaders (the CEO, the supervising clan executive, the executive management team) and in-group members (employees), as well as commitment towards the leadership and the organisation are a reflection of an effective and functional culture system.

As discussed above, in-group members will generally show respect towards their in-group leaders in a Chinese context, but lasting loyalty can only be established when in-

group members are able to align their personal value system with that of the in-group as determined by the overarching organisational culture system. When in-group leaders are able to demonstrate that they lead by their own privately held values, followers will most likely be able to align their own value systems accordingly. In cases where value congruency is successfully achieved, Chinese employees reported “pride in being a follower of their leader and [demonstrated] affective commitment” (Chan and Mak, 2014: 674).

In summary, it was shown that managerial leadership values are still deeply rooted in tradition in a Chinese context. “Virtuous practice is the foremost component in Confucian leadership [and] [...] such practice [...] hinges on the rule of man, put in the right position to exert authority hierarchically” (Cheung and Chan, 2008: 476). Appropriate leadership behaviour was found to “affect employee commitment [...] [since] employees use interactions with their supervisors as cues to evaluate their relationships with the organization” (He et al., 2011: 201; see also Wong et al., 2002: 594). Most studies were found to confirm “that China remains a society characterized more by [the leadership and] rule of man (where individual relationships matter) than by rule of law” (He et al., 2011: 210). Awareness of this phenomenon is an absolute necessity for both Chinese and western managers operating in this environment.

3.4.3 Managerial Values

Existing research on individual values in a Chinese management context can be categorised into two main groups: (1) studies that rely on sociocultural value constructs, and (2) studies that use personal value constructs.

Studies with sociocultural value constructs (e.g. Ralston et al., 1992–1995; Birnbaum-More et al., 1995; Holt, 1997) mainly made use of Hofstede’s (1980) four dimensions of culture (power distance, uncertainty avoidance, masculinity-femininity and individualism-collectivism), as well as an extra dimension taken from the work of Michael Bond and The Chinese Culture Connection (1987), variously referred to as Confucian work dynamism or long-term orientation (Busse et al., 2015: 172). Other studies (e.g. Lee et al., 2011) were based on the Schwartz Value Survey, which was in turn derived from the Schwartz and Bilsky model (1987, 1990). Drawing on

considerable experience with cross-cultural studies on the national level, these studies transferred cross-cultural concepts to the level of the individual.

The second group of studies (e.g. Chang, 1985; Boisot and Liang, 1992; Woodbine, 2004; Pan et al., 2010) approached the topic from a different perspective and with different value constructs. Taken by itself, each of these studies contributed significantly to the overall body of knowledge; in synopsis, however, the results of these studies do not form a consistent picture. “Research by chance” is, perhaps, not too unrealistic a description given the all but insurmountable obstacles researchers encountered over the years in trying to obtain access to suitable samples in the PRC in predictable ways and over consistent time intervals (Ralston et al., 1995a; Gao and Kotey, 2008; Li and Nesbit, 2014).

Managerial value studies in a Chinese context went through both a quantitative and a qualitative development process. At first, studies were usually designed as cross-country surveys, with samples taken from ethnic Chinese countries and territories with strong managerial communities such as Hong Kong, Taiwan and Singapore, where sample candidates spoke English and had been exposed to modern (American) management theories and practices (e.g. Chang, 1985; Westwood and Posner, 1997). In these studies, research instruments that had originally been developed for utilisation in western contexts were used in their original versions. In a second step, samples from the PRC were added (e.g. Boisot and Liang, 1992; Lee et al., 1994; Ralston et al., 1995b; Ralston et al., 1997). In a third phase of development, cross-regional studies appeared, based on samples from different provinces in the PRC (e.g. Ralston et al., 1996). The research instruments deployed in these studies were either untranslated English originals (often used in conjunction with Chinese MBA students), or were translated into Chinese. Another typical approach was to conduct comparable studies with PRC, Hong Kong and US samples (e.g. Ralston et al., 1992, 1993, 2006a).

Two earlier studies focused exclusively on managerial values within the PRC. Both were conducted by Korabik (1992, 1993), who examined the values of 19 female managers in the PRC. In interviews, the women described work-related issues that were important to them, and on which their value system had a direct bearing: (1) government policies concerning gender equality; (2) government-sponsored support; and (3) existing family networks.

Chang (1985) conducted one of the earliest cross-country studies on sociocultural value constructs. Comparing the values of 130 Taiwanese (Chinese) and 61 American managers, he found that, in contrast to the Americans, the Taiwanese (Chinese) managers valued collectivistic concepts that were closely related to traditional Confucian values – filial piety, lifetime employment, company responsibility for employees’ welfare and a supervisor’s obligation to support subordinates when they face personal problems. In 1992, Boisot and Liang compared the daily working routine of six directors of Chinese enterprises in Beijing with on-the-job behaviour of American managers. The researchers accompanied each of the Chinese directors for six days, and described which managerial tasks the Chinese managers valued most. Five years later, Holt (1997) compared the personal values of PRC and US entrepreneurs and managers, finding that their values as a group had grown more similar to each other, while those of the individual managers from both samples were still different.

David Ralston and his various colleagues deserve great credit for their seminal work on managerial values in Chinese contexts between 1992 and 2011. Much of what we know about the personal values of Chinese managers today is the result of their systematic research. In their earlier studies (1992, 1993), Ralston et al.’s focus was to establish which sociocultural values Chinese managers possessed individually, and to compare them to those of managers from different national backgrounds, such as the USA and Hong Kong. Using four values from the Chinese Value Survey (CVS), namely (1) Confucian work dynamism, (2) human-heartedness, (3) integration (a degree of power distance), and (4) moral discipline (a degree of collectivism/individualism), Ralston et al. (1992: 669) found, for example, that the scores of the Hong Kong (Chinese) managers in their study always fell “between or were no more than equivalent to the scores of the U.S. and PRC managers”.

In 1996, Ralston et al. conducted a study on Chinese managers that added another much-needed component to value research in a Chinese context: a focus on relevant regional differences within the PRC itself. The ‘cosmopolitan’ Chinese manager – exposed and open to western value concepts – was compared to the ‘local’ Chinese manager, who works and lives in regions of China that are more isolated. At the time Ralston et al. conducted their study (1996), the ‘cosmopolitan’ Chinese manager was obviously the type of negotiating partner or colleague most western managers were likely to encounter on a regular basis in day-to-day business. This group of Chinese

managers was identified as (1) working in the coastal areas of the PRC, (2) living in big cities, and (3) being very well educated (Ralston et al., 1996: 82). These findings are hardly surprising given that China's modernisation drive started in the easily accessible eastern coastal provinces, with an initial focus on the main cities where the country's best universities also tend to be located.

Ralston et al. defined 'cosmopolitan' Chinese managers as individuals who are "individualistic [while] simultaneously not forsaking their Confucian ideals [i.e.,] developing a unique set of values that possesses facets of both cultures" (Ralston et al., 1996: 83). Based on three major sources of difference – (1) the historic impact of the geographic location, (2) the level of industrialisation, and (3) the emphasis on educational development –, Ralston et al. divided the PRC into six regions. Each region (North, East, Central-South, Northeast, Southwest and Northwest) was represented by one 'mega-city' (Beijing, Shanghai, Guangzhou, Dalian, Chengdu and Lanzhou).

Ralston et al. (1996: 87) concluded that "work values in China are changing" due to western influences, with cosmopolitan Chinese managers seeking "greater self-direction of their commercial interests, [while being] unlikely to sacrifice Confucian tradition" (Ralston et al., 1996: 88). Regionally, the Shanghai-Guangzhou cluster in particular was identified as accommodating more "cosmopolitan-individualistic" managers than the Lanzhou-Chengdu cluster, which mirrored the actual level of economic development of both clusters. Interestingly enough, three very recent studies (Bradley et al., 2013; Busse et al., 2015; Gamble and Tian, 2015) still reported the same phenomenon almost 20 years after Ralston et al.'s groundbreaking initial research: Values and geographic location remain directly related, and managers from more developed regions and cities still have different values from those of their colleagues from less-developed areas. Accordingly, Bradley, Gao and Sousa (2013: 850) found, for example, that managers in Nanjing (Middle China), the least developed mega-city in their sample, were the least creative.

Starting from 1995, Ralston et al. also inquired into the value systems of different generations of Chinese managers (Ralston et al., 1995b, 1999; Egri and Ralston, 2004), and detected what they called "socially induced value changes": "The three Chinese generations since the establishment of Communist China were found to be significantly more open to change and more self-enhancing but less conservative and self-

transcendent than Republican Era [1911–1949] Chinese. [...] Examination of the individual values that comprise self-enhancement revealed that the Cultural Revolution generation attributed the highest importance to the power value of all Chinese generations” (Egri and Ralston, 2004: 217). At the same time, findings suggested “that the transformation of China from a modernist to a postmodernist society may not be achieved in the lifetimes of the current generations” (Egri and Ralston, 2004: 219). Egri and Ralston’s study ultimately supports the assumption that managerial value systems are “relatively stable constructs” (England, 1975) even under the enormous pressure exerted by present-day conditions in the PRC, but that they are nonetheless open to gradual change. Conversely, other studies that focused on American samples (e.g. Lusk and Oliver, 1974; Posner, 1987–2009; Oliver, 1999) did not detect significant value differences between successive generations of managers.

In their 2006 study, Ralston et al. (2006a) summarised 12 years (1989–2001) of cross-country research on managerial value systems in the PRC, Hong Kong and the USA. They (2006a: 86) reported that the values of PRC managers had changed, and now “reflect[ed] those of the Hong Kong” managers in the study. This convergence of values was evidenced by an attitude change in PRC managers “regarding the superior-subordinate relationship and the hierarchical structure within [...] [their] organization[s]”. The values held by Hong Kong managers themselves had changed as well, especially business-related ones. There was “an increased people-orientation (human heartedness) [...] toward the U.S.” (Ralston et al., 2006a: 86). On the sociocultural level, the study found that the value systems of PRC and Hong Kong managers had become even more similar over the years and had converged to a great extent.

The study by Westwood and Posner (1997) was based on a 33-item version of England’s Personal Values Questionnaire (PVQ) applied to Hong Kong Chinese, US and Australian samples. The authors (1997: 46) categorised the remaining 33 value concepts in their shortened version of the PVQ into three groups – (1) Organisational Stakeholders, e.g. Customers, Employees, Bosses, Managers; (2) Personal Traits, e.g. Ability, Achievement, Success, Flexibility; and (3) Organisational Goals, e.g. Effectiveness, Productivity, Leadership, Service to the Public –, and opted for a seven-point Likert scale. In regard to Stakeholders, Westwood and Posner (1997: 52–3) found that all three sample-groups placed Customers, Subordinates, Employees and Myself

among the top four value concepts. The quite similar rating of the category *Myself* by the (HK) Chinese managers and their American and Australian counterparts came as a surprise to many, given the widespread notion of Chinese people as collectivistic, and thus unlikely to develop a strong sense of individuality. Westwood and Posner (1997: 54) speculated that “maybe as a cultural subgroup Hong Kong managers are more individualistic and ego-centred than other societal groups” in the territory.

Westwood and Posner (1997: 57) concluded that traditional Chinese values still persist in Hong Kong, but that “it appears that for the managerial subgroup, exposure to international management and business practice renders these less impactful on personal values associated with management work”, and that “managerial role requirements and other, non-cultural aspects of the pragmatic business environments faced by managers [...]” seem to be more influential than cultural value differences (Westwood and Posner, 1997: 60).

Given the enormous importance of the PRC’s economy in the world and the immense impact Chinese managers have on the success of the country’s unprecedented economic drive, the number of extant studies on the personal value systems of Chinese managers seems surprisingly small. In light of the obvious difficulties in conducting value research in China, however, it becomes clear that each of the studies that will briefly be discussed in the following section represents a considerable scholarly effort that is much to be appreciated.

Lu’s (2003) study on the personal values of Chinese CEOs found that individuals from the examined sample showed clear signs of acceptance of western managerial values, the extent of which depended on the degree of exposure to these concepts. Gao and Kotey’s (2008: 17) paper on the decision-making process demonstrated that the Chinese CEOs in their sample had internalised entrepreneurial values in addition to collectivist values, thus possessing a “dual value system”. Pan et al. (2010) detected similarities in the value orientation of PRC and US managers, which led them to the hypothesis that Chinese managers’ value systems had perhaps become more westernised (i.e., individualistic). Lan et al. (2013: 637) encouraged Chinese business schools to put more emphasis on the development of what they called the “benevolence value type” of managers (characterised by an appreciation for helpfulness, honesty, loyalty and responsibility), reminding their readership that such “values were found to lead to

greater job satisfaction”. Nelson (2014: 58) compared Chinese managers from Hong Kong, Taiwan and Singapore with samples from Brazil and the USA, and reported that the value systems of the ethnic Chinese group showed very low loyalty scores in comparison to the other managers. Overall, though, participants in the study displayed a greater similarity in their value systems with managers from other nations than with members of other professions within their own countries. Busse et al. (2015), comparing the personal values of German and Chinese managers, demonstrated that the value systems of their Chinese sample were deeply influenced by the factors of age, level of education and company location, thus confirming the findings of earlier studies by Ralston et al. (1996) and Bradley et al. (2013).

In summary, the desire for a better understanding of the personal value systems of Chinese managers has resulted in a number of publications on the topic over the years. The substantial contributions by David Ralston and his colleagues have had a lasting influence on our knowledge of the similarities and differences between Chinese managers’ value systems and, for example, those of managers from Hong Kong or the USA. Westwood and Posner (1997) conducted the only study so far that applied England’s approach to managerial values in an HK-Chinese context.

The studies carried out in a Chinese environment showed that the value systems of managers in the PRC and other Chinese societies can differ significantly from those of managers with western cultural backgrounds. Within China, similar differences can be observed between the bigger cities with frequent contact with western businesses and those that are not as exposed to western influences. While in the 1990s researchers came to widely different conclusions, more recent studies seem to agree that Chinese managers who are exposed to a western business environment eventually become more open to western managerial values. These findings suggest that Chinese managers traditionally had a distinct set of managerial values determined to a large extent by their sociocultural environment based on Confucian values. Due to globalisation and the need to compete and work with and in foreign companies, however, western management styles and values have been adopted to varying degrees.

3.5 Organisational Culture in China

If an organisation is small (e.g. a family business), its leaders are able to communicate their values directly and in person to each and every member of the organisation. If, however, the organisation “grows beyond some magic number (100?), it becomes increasingly difficult [...]” (Posner and Schmidt, 1992a: 85) for all in-group members to know each other, and organisational leaders are called upon to devise other ways to communicate their value systems. The implementation of a suitable corporate culture seems to be the best way to approach this task: Every organisation either represents or creates some form of corporate culture; and since the culture of an organisation ultimately incorporates all aspects of the organisational environment, it is inevitable that all members of the organisation eventually come into contact with it, though perhaps to varying extents. In turn, this experience forms the basis on which in-group members decide whether or not the corporate values promoted by the system are attractive enough to induce alignment and commitment (Johnson et al., 2010; Chin, 2014).

Empirical studies on the influence of corporate founders and executive management on organisational culture in an eastern context are scarce – notable exceptions are the papers by Deshpandé and Farley (2000, 2003), Xin et al. (2002), Liu (2003), Kwan and Walker (2004), Ralston et al. (2006b), Tsui et al. (2006b), Chuang et al. (2012), Wei et al. (2014) and Zhang et al. (2014).

The analysis of available studies showed two general tendencies: (1) the great majority agreed on the assessment that cultural phenomena are comparable between western and Chinese organisations; they consequently used the same research model, i.e., Quinn and Rohrbaugh’s (1983) Competing Values Framework (CVF) with its four culture types (Market, Hierarchy, Clan and Adhocracy), and either Cameron and Quinn’s (1999) OCAI or a similar research instrument based on the CVF (e.g. Deshpandé and Farley, 2000, 2003; Kwan and Walker, 2004; Ralston et al., 2006b; Tsui et al., 2006b and Wei et al., 2014); and (2) most studies focused on state-owned enterprises only or compared them to joint ventures (JV) or foreign-controlled businesses (FCB) (e.g. Deshpandé and Farley, 2000, 2003) – despite the fact that the rise of private Chinese companies has changed the corporate landscape of the PRC dramatically. So far, only a small number of studies has addressed the field of privately owned enterprises (e.g. Tsui et al., 2006b; Chan and Mak, 2014; Chin, 2014).

In 1996, Lau and Ngo were among the first to apply the Competing Values Framework to a Chinese context in their study of various companies in Hong Kong. Distinguishing between four culture types, they relied on the terminology established by Quinn and Spreitzer (1991), namely the categories of group culture (Clan), developmental culture (Adhocracy), hierarchical culture (Hierarchy) and rational culture (Market). They were able to validate the instrument for the context of their study, but suspected that some China-specific elements were not being picked up, “as suggested by the relatively lower reliability coefficients” (Lau and Ngo, 1996: 482).

Deshpandé and Farley (2000) also used the CVF when they interviewed 100 senior managers about the organisational culture of their companies in Shanghai and, in a later study, broadened this approach to six Chinese cities (Deshpandé and Farley, 2003). They also rebranded the four culture types of the CVF, labelling them competitive (Market), entrepreneurial (Adhocracy), bureaucratic (Hierarchy) and consensual (Clan).

Kwan and Walker (2004) used and validated the Competing Values Framework for research on teaching staff in seven institutions of higher education in Hong Kong, concluding that the findings delivered by the CVF were valid based on the fact that the differences in organisational culture found among the institutions “roughly approximate[d] the background and development stage of the institutions” (Kwan and Walker, 2004: 35). Tsui, Wang and Xin (2006b) also tested the validity of the CVF’s research categories in an extended survey comprising three sub-studies. They first identified organisational culture dimensions, then related organisational culture types based on the work of Cameron and Freeman (1991) to effectiveness, and finally tried to detect a possible relationship between an organisation’s culture type and the attitudes of its middle management.

In 2006, Zhang and Liu compared the applicability of Cameron and Quinn’s OCAI and Cooke and Szumal’s (1993, 2000) Organizational Culture Inventory (OCI) to a specifically Chinese context. Working with a sample of managers of Chinese construction companies from different cities, the authors demonstrated the CVF’s superior performance in comparison with the OCI (Zhang and Liu, 2006: 821). Both the respondents’ feedback as well as the Cronbach alpha coefficients indicated a positive fit for the CVF.

In the same year, Ralston et al. (2006b) opted to use the CVF instead of other organisational culture models they had examined, because in their eyes “numerous studies [had] established the construct validity of the CVF dimensions”, and because the CVF “had been empirically validated in cross-cultural research, specifically in China” (Ralston et al., 2006b: 829). Ralston et al. (2006b: 829) compared: (1) the CVF (Quinn and Rohrbaugh, 1983)/OCAI (Cameron and Quinn, 1999), (2) the Organizational Culture Survey (OCS, Denison, 1990; Denison and Mishra, 1995), (3) the Organization Culture Inventory (OCI, Cooke and Rousseau, 1988) and (4) the Organizational Culture Profile (OCP, O'Reilly et al., 1991), deciding in favour of the CVF after careful deliberation. The Chinese version of the OCAI that was developed by Ralston et al. for this specific purpose was obtained from David Ralston himself, and used as the benchmark for the translation of the research instrument deployed in the present study.

Ralston et al. (2006b) attempted to track potential culture changes in China's SOEs since the start of economic reforms in the 1980s. They reported that Chinese SOEs undergoing a process of transition exhibit “a combination of both Market and Hierarchy cultures” (Ralston et al., 2006b: 834). This finding matched the results of a study by Liu (2003: 409), who found that the workforce socialised before 1980 valued loyalty and security more highly than the younger generation, and in exchange would tolerate a corporate culture with stronger bureaucratic characteristics.

Ralston et al. (2006b: 838–9) further found that “each ownership type is characterized by a unique culture mix” and that, “when combined, all Chinese respondents perceived their organisational culture type to be predominantly a Clan culture”. Market culture came second, even though these two culture types would appear to be contradictory and mutually exclusive. Ralston et al. defended the plausibility of their findings by associating Clan culture with traditional Chinese notions, and Market culture with modernisation. Nevertheless, their findings contradicted statements made by managers in the Deshpandé and Farley (2000: 24) sample, who reported that their organisations were predominantly bureaucratic and entrepreneurial in nature, with correspondingly low values for consensual and competitive culture characteristics. Three years later, Deshpandé and Farley (2003: 224) still detected a tendency towards a bureaucratic corporate culture type in their PRC sample firms. Bureaucracy and Hierarchy culture were strongly represented in Ralston et al.'s (2006b: 839) study as well, where they were found to be characteristic for the traditional Chinese SOEs in the sample, which

the authors found to be “least focused on innovation and change”. The differences could, perhaps, be explained by the fact that Ralston et al. (2006b) collected their data in the manufacturing industry only, while Deshpandé and Farley’s (2000: 17) sample represented “a broad spectrum of industrial, consumer goods, and service businesses”. Moreover, both studies used only a single respondent per company, which could also help to explain the diverging results.

Tsui et al. (2006b) not only compared SOEs and foreign-invested companies, but also included privately owned enterprises (POEs). The authors (2006b: 367) found that “more of the private domestic firms (34%) than the state firms (22%) have a market oriented culture”. The particular strength of Market culture lies in the fact that the organisations in which it is predominant perform best when it comes to acquiring resources from the external environment (Cameron and Freeman, 1991). In a Chinese context, such strengths would be especially helpful for private domestic firms, because they are often denied access to necessary resources. Ralston et al. (2006b: 839), in contrast, found POEs to be “oriented towards the flexibility competencies of clan and adhocracy styles”, with a slightly higher emphasis on Clan and very low scores on both Market and Hierarchy culture; as stated above, the companies in Ralston’s sample generally showed a tendency towards Clan culture, followed by Market culture.

Wei et al. (2014) conducted a study that focused on Adhocracy and Clan culture, but did not include POEs in the sample. Instead, they concentrated on state-owned enterprises (SOEs), joint ventures (JVs) and publicly as well as collectively owned enterprises (COEs). The authors (2014: 51) explained that in emerging markets, firms “tend to be in the earlier stages of their life cycles” and “organic types of organizational culture, i.e., adhocracy and clan [...] tend to be pervasive” (Wei et al., 2014: 50). Moreover, they argued that these organisations “are run by visionary leaders and are dominated by an adhocracy culture” (Wei et al., 2014: 50), with characteristics of a Clan culture developing alongside. This proposition is actually quite remarkable. In fact, what the authors presented as characteristic features of SOEs, JVs and COEs seems like a highly apposite description of *private* companies in China: these entities are often (1) founded by visionary leaders, (2) initially rather informal in their set-up, and (3) most likely in-group oriented, i.e., focused on ‘taking care’ of all the people involved in the business.

Engelen et al. (2014: 738) established “a fit between the values of collectivist national cultures [e.g., the Chinese or Thai cultures] and the underlying values of clan cultures on the organizational level”. Clan culture in particular seems to suit the Chinese Confucian tradition, which values family and harmony (Chuang et al., 2012: 268). Consequently, researchers like Lau and Ngo (1996) and Ralston et al. (2006b) argued that Chinese companies adopt a Clan-type organisational culture almost as a matter of course.

For Chin (2014: 338), Clan culture in private Chinese companies meant “maintaining and fostering the perceived level of harmony”, which in turn enabled executives to strengthen the loyalty and affective commitment of their employees. Consequently, Tsui et al. (2006b: 370) thought Clan culture to be the most effective type of organisational culture in China, since it pays equal “attention to employee development and harmony, which facilitates internal integration and [...] external adaptation”. Employees in companies with a Clan-type culture described higher levels of perceived organisational support, and reported stronger commitment to the organisation as well as lower levels of intention to quit (Tsui et al., 2006b: 367).

On the other hand, Zhang et al. (2014: 171) found that Chinese export-oriented firms with a Market culture generally perform better, and that this culture type “positively influences the firm’s international orientation”. These results confirmed earlier findings by Deshpandé and Farley (2003), whose study showed that the best performing companies in six different cities across China all exhibited strong “market orientation and innovation” (Deshpandé and Farley, 2003: 224). This held true for all companies in each of the six cities, independent of industry or company size. Their study demonstrated, however, that geographic differences are significant, with companies from Shanghai performing more effectively than sample firms from the ‘less-developed cities’ of Tianjin and Wuxi, where culture types based on traditional values remain dominant.

As studies such as Basabe and Ros (2005), Fincher, Thornhill, Murray and Schaller (2008) and Gamble and Tian (2015) have shown, geographic differences in regard to economic development are so important because greater wealth is often closely associated with greater individualism, i.e., with more autonomous and idiosyncratic value preferences. Apart from geographic location, Granrose, Huang and Reigadas

(2000) identified both economic structures and the industries in which sample companies competed as exerting a major influence on organisational culture and values. If this relationship between greater wealth and greater individualism holds, China's dramatic economic development will almost inevitably lead to a sociocultural and personal value change process away from collectivistic values, and towards more and more individualism.

As previously pointed out, organisations often “tend to represent a combination of different types [of organisational culture], either driven by several dominant types, or by no specific type” (Quinn and Spreitzer, 1991: 134) at all. Cameron and Quinn (2011: 52) emphasised that “more than 80 percent of the several thousand organizations [they had] studied [were] characterized by one or more of the culture types identified”. Other studies with Chinese samples confirmed this phenomenon: Deshpandé and Farley (2000: 23), for example, found that the companies in their study exhibited “more of a mixture of the four corporate culture types than a prototype of one particular culture”. Summarising a decade of research in Asia, Deshpandé and Farley (2004: 5) extended this conclusion to the whole continent: “Our results indicate that organisations everywhere turn out to be a mixture of these four organizational culture types”. Tsui et al. (2006b: 369) also found that the Chinese state-owned firms in their study “did not demonstrate a monolithic organizational culture [...] [but instead] displayed a uniform distribution across the four types of organizational culture”, suggesting that not even a tendency toward, let alone the dominance of, one particular type of organisational culture could be established.

Most of the literature thus makes clear that it would be unrealistic to expect an organisation to show characteristics of only one clearly defined culture type, and that it might even be advantageous for executives not to focus on one type only (Quinn and Spreitzer, 1991: 128). Not everyone agrees, however: Wei et al. (2014: 66) were of the opinion that a mixture of culture types wastes “resources and does not enhance the firm's market-based responses”. Consequently, the authors strongly recommended that managers concentrate on forming their organisations around just *one* culture type.

As has become evident from the discussion here, organisational culture represents a complex and holistic system of values, norms and behaviour patterns (Meyer et al., 2002), in which a multitude of highly specific characteristics mutually influence and

determine each other (Gamble and Tian, 2015). A change in one contributing factor will result in a change in overall system outcome. Simultaneously, individual determinants (e.g. leadership style) cannot unfold their full potential unless they are properly integrated into an overarching culture system (Cheung and Chan, 2008: 495).

In summary, this section introduced the most pertinent studies on organisational culture in a Chinese context. While earlier studies set out to establish the basic organisational culture types of firms in the PRC, more recent studies identified tendencies toward change, and focused on specific Chinese industries. The studies analysed here cover a period of almost 30 years up to the present time. As the Chinese corporate landscape has undergone tremendous shifts over these last three decades, it is no surprise that researchers have found that the organisational culture in Chinese firms is constantly evolving.

Some researchers detected a certain tendency towards Clan culture in Chinese companies, and assumed that this finding reflects the continuing existence of traditional Chinese values rooted in Confucianism on the organisational level. State-owned companies in the PRC were traditionally characterised by a hierarchical (bureaucratic) organisational culture. Recently, however, SOEs have increasingly adopted Market-style characteristics in the attempt to become more competitive and more similar to foreign-owned companies. POEs also seem to be going through changes, transitioning from the family business inspired organisational culture types of Clan and Adhocracy towards, for example, the Market variety.

Generally speaking, researchers agreed that Chinese companies display mixed forms of organisational culture, and some studies even identified cases where all four types were in evidence at the same time. Other surveys showed that companies with differing forms of ownership also differ in terms of their corporate cultures. Most of the studies in a Chinese setting relied on Cameron and Quinn's (1999, 2011) Organizational Culture Assessment Instrument (OCAI), and the majority of researchers have found this questionnaire to be superior to others.

Setting up and managing a suitable form of organisational culture is one of the most challenging, but also one of the most performance-relevant managerial tasks. Engelen et al. (2014: 747) correctly pointed out that the wrong type of organisational culture "can

be a major barrier” to success. If, however, the right blend of characteristics is achieved, it becomes a “key determinant [...] of P-O fit” (Gardner et al., 2012). It was further found that the perception of value congruency which follows from an organisational culture based on, for example, fairness and justice (Li, 2014: 137), is crucial for the development of commitment in employees.

3.6 Person-Organisation Fit and Employee Commitment in a Chinese Context

Person-organisation fit, “operationalized as congruence between perceived and preferred organisational culture” (Meyer et al., 2010: 458), is another proven concept that was originally developed in a western context which has lately been successfully tested for in a Chinese business environment. Recent studies (e.g. Van Vianen et al., 2011; Chan and Mak, 2014; Yang et al., 2014) found that, similar to their western counterparts, Chinese employees must perceive a fit between their working environment and their needs in order to feel satisfied and to commit themselves to staying with their employer for a longer period of time. The issue of value balance is especially important for private Chinese companies, which constantly face the dilemma of “high staff turnover” (Hofman and Newman, 2014: 632).

Perceived fit between the personal value systems of Chinese employees and the corporate values of their organisations can be expressed in quite different terms, for example as “pride in being a follower of [a transformational] leader” (Chan and Mak, 2014: 674), as a feeling of “satisfaction” (Fu and Deshpande, 2012: 306), or as the “enhanced self-esteem of being with an organization with a positive reputation” (Hofman and Newman, 2014: 634).

Regardless of its concrete manifestation, perceived or “*subjective fit* has the strongest and most direct impact on psychological reactions” (Meyer et al., 2010: 459, emphasis in text) to the working environment, i.e., on the development and maintenance of employee commitment. When employees believe and feel that they truly belong to their particular company, they “are better off than those who do not perceive fit” (Van Vianen et al., 2011: 908).

Earlier studies on organisational commitment in a western context had focused on (1) antecedents of employee commitment, and (2) consequences of employee commitment.

In an innovative approach, He et al. (2011: 197) identified “[t]hree kinds of antecedents of commitment [...]: personal characteristics, job characteristics, and organisational characteristics”. While personal characteristics are brought into the company by the employee, organisational and job characteristics refer to cultural and working conditions which organisations and their executives actively arrange, promote or change. On a very similar note, Ketchand and Strawser (2001) found that job and organisational factors both have a stronger influence on commitment than personal specifics, i.e., that the encouragement of affective employee commitment ultimately lies in the hands of the management.

Since the 1980s, there has been a substantial amount of Asia-related research on organisational commitment with a cross-cultural focus. As early as 1993, Randall listed a total of 27 published empirical studies on organisational commitment outside of the USA, e.g. in Australia, Canada, Japan, Korea and Singapore.

In a Taiwan-Chinese context, Zhou (1983) demonstrated that committed employees are more likely to identify with their superiors’ values and goals. In Cheng’s (1995) study, the participants described loyalty as adopting the management’s values and goals, showing a willingness to go the extra mile, and most of all, being totally committed. Cheng, Jiang and Riley (2003) were able to relate supervisory commitment to job satisfaction, turnover intention, job performance and organisational citizenship behaviour (OCB).

Farh et al. (1997) analysed the influence of perceived justice in corporations on OCB in Taiwan, and suggested that employees in general show a higher degree of citizenship behaviour when they feel fairly treated, and when their contributions are recognised and duly appreciated. This finding was confirmed in recent studies by Fu and Deshpande (2012), as well as by Li (2014: 135), who found that “organizational justice was a strong predictor of affective commitment”.

As mentioned above, Fincher et al. (2008) and Gamble and Tian (2015) posited the existence of a relationship between greater wealth and greater individualism that has led to a value-change process in modern day China. Miao et al. (2013: 3273) described one instance of this in their study on employees in private Chinese companies: The participants positively related the pay and the fringe benefits that accrued to them

individually to their affective attitude towards their organisations, making it clear that traditional notions of collectivism were no longer their only, nor indeed their most important, source of motivation. Correspondingly, three other P-O fit studies – Yang et al. (2014), Qi et al. (2014) and Wang et al. (2014) – found additional evidence supporting the hypothesis of increasing individualism.

Chinese employees show more satisfaction with their jobs, and consequently more commitment towards their employers, when they feel “empowered”, i.e., when they are permitted to take part in the decision-making processes at their workplace (Yang et al., 2014: 187). In a similar vein, Qi et al. (2014: 1629) reported that Chinese employees display higher levels of organisational embeddedness and affective commitment when they are allowed to participate in the “crafting” of their jobs, which ultimately results in a stronger feeling of loyalty towards their organisations. Wang et al. (2014: 431) established a link between employees’ perception of career growth, robust organisational commitment and low desire to leave their current employers. All these studies confirmed the result of a previous meta-analysis in a western context (Meyer et al., 2002), and demonstrated that “job satisfaction is a significant predictor of organizational commitment” (Fu and Deshpande, 2012: 302).

Yet the development towards more individualism and independence might cause further problems for Chinese companies already struggling with the “highest turnover rates in Asia” (He et al., 2011: 201): As Wang, Shi and Barnes (2015: 754) pointed out, “higher levels of education work to the detriment of employees’ affective organizational commitment and positively influence seeking-to-leave behaviour”, i.e., a better education gives Chinese employees better opportunities and more freedom to choose, and it also seems to promote a change in value orientations away from lifelong commitment towards short-term gains. To remedy this, Wang, Shi and Barnes (2015: 754) suggested to increase the involvement of well-educated workers in decision-making processes in the hope of retaining them in the organisation.

Other P-O fit studies in a Chinese context (e.g. Van Vianen, 2011) concluded that, similar to their western counterparts, Chinese employees may experience different levels of fit to multiple foci at the same time (e.g. positive fit to organisation and supervisor but misfit to co-workers, or vice versa), notwithstanding the fact that “employees have a strong need to fit their work environments” (Van Vianen, 2011: 906)

as a general rule. A number of studies dealing with specific foci of commitment in a PRC context can thus be found: Chan et al. (2011: 3292), for example, observed that organisation, supervisors, co-workers and unions were seen as separate commitment foci in their sample taken from a Guangzhou car manufacturing JV (South China), and that “commitment on one dimension did not necessarily involve a reduction in commitment on another”.

Chen, Tsui and Farh (2002) examined employees’ loyalty to supervisors and organisations, finding that it is indeed a particularly salient feature of Chinese enterprises. For Van Vianen et al. (2011: 923), a positive relationship between employee and supervisor “facilitated the commitment to the organization as a whole”. Chan et al. (2004) found evidence for the simultaneous presence of affective organisational and affective union commitment among Hong Kong firefighters. Snape et al. (2006: 311), expanding on research by Chen et al. (2002) and Cheng et al. (2003), included commitment to co-workers as a focus of interest and argued that their “findings provide[d] support for the view that the multi-dimensional view of employee commitment generalizes to the Chinese context. [...] The organization, the supervisor, and co-workers were seen by respondents as separate commitment foci”. He et al. (2011: 197) emphasised the important role of leadership in Chinese companies, identifying “managerial support [as opposed to co-worker fit and role ambiguity] as of the greatest influence” for the development of commitment in employees. A further study by Chen et al. (2015: 11) demonstrated that “career growth [is] positively correlated to job satisfaction” and that “P-O fit positively predict[s] career growth”.

In their recent meta-analysis of cross-cultural commitment studies, Fischer and Mansell (2009) included articles from 48 countries. They (2009: 1353) concluded, for example, “that individuals endorsing more collectivistic values are more likely to focus on personal relationships rather than contextual organizational factors, which may then lead to a positive relationship between collectivism and affective commitment”. At the same time, they suggested that the growth of “normative” commitment in collectivist societies is “driven more strongly by economic calculations” (2009: 1353) – i.e., by the pressure of in-group members on the individual to stay in a secure job – than by “value judgments”. In other words, normative commitment is the result of compulsion, whereas affective commitment is the result of a voluntary engagement with the organisation based on value alignment.

3.7 Experiences with the Three-Component Model in China

Multiple studies confirmed the validity of Meyer and Allen's Three-Component Model (TCM) of commitment in East-Asian settings, including Hong Kong (Lau and Ngo, 1996; Chiu and Ng, 1999), South Korea (Ko et al., 1997; Chang, 1999), Malaysia (Noordin et al., 2011) and the PRC (Chen and Francesco, 2003; Snape et al., 2008; Chin, 2014).

Snape et al. (2008) found strong evidence in support of Meyer et al.'s (1993) TCM in their study of British and Chinese accountants. While the British sample showed stronger affinity towards continuance commitment, the Chinese sample scored higher on the affective and normative commitment scales, results that are similar to those "found in other Asian studies" (Snape et al., 2008: 778).

Examining the relationship among the TCM's three components of commitment and employee performance in a pharmaceutical company in southern China, Chen and Francesco (2003: 493) concluded that employees develop affective commitment "more specifically in relation to work experiences within a particular organization" while, conversely, normative commitment is "deeply rooted in the individual by family, culture, and later the organization". They (2003: 505) further argued that "the three component conceptualization of OC" is applicable to the Chinese context, and that "the three components of OC are related yet distinct factors". Chen and Francesco (2003) also worked with the six-item TCM variant from 1993.

Similarly positive results in regard to the validity of the TCM were established by the study Cheng and Stockdale (2003) conducted with Chinese employees in both Sino-foreign joint ventures and wholly foreign-owned companies. The goal of their study, however, was not to deliver further proof of the TCM's validity *per se*, but rather to compare findings from China with those from earlier studies with Canadian and South Korean samples. Still, the study (Cheng and Stockdale, 2003: 484) confirmed the usefulness of Meyer and Allen's TCM in a Chinese context, and "found qualified support for the generalizability of the three component model". Affective commitment of employees was shown to be the "strongest predictor of job satisfaction and turnover intentions" (Cheng and Stockdale, 2003: 482).

3.8 Summary

This chapter comprehensively investigated the correlations between the personal value systems of managers, various types of corporate culture, affective employee commitment and the alignment of values between employees and companies in the PRC.

It was shown that the enormous economic growth of the PRC over the course of the last 40 years was accompanied by a positive re-evaluation of the social position of the Chinese manager class, whose value systems were examined in detail.

The at times troubled relationship between ancient eastern traditions and a much more recent western influence was discussed at length, a frequently contradictory mixture that became possible only after the new political doctrine of economic liberalisation was introduced in the 1980s.

The validity of applying Meyer and Allen's (1984, 1991) Three-Component Model of commitment to a Chinese context was examined. It was shown that this model represents a dependable approach to commitment research in the Chinese setting, where it delivers the same superior performance as in western environments. Studies have often found affective commitment in Chinese employees to be facilitated by a personal focus on the leader or the supervisor, which confirms the importance of good direct relations (*guānxi*) in a Confucian cultural environment built on mutual trust (Wang, Shi and Barnes, 2015). In this context, Van Vianen et al. (2011: 923) fittingly spoke of a "triangular relationship between the organization, the supervisor, and the employee".

The strength of affective employee commitment in Chinese companies was also found to be related to how employees evaluate "the ability of the organization to satisfy their needs at work" (Wang et al., 2014: 433). Overall, an increasing tendency towards individualism among Chinese managers and employees was diagnosed, making it clear that research on personal value systems and the changes they are subject to in present-day China is more significant than ever.

The following chapter will provide a literature synthesis on which the subsequent development of the present study's basic theory will be based.

4 Literature Synthesis and Development of the Basic Theory

4.1 Introduction

In this chapter, the five main topics of the literature review – personal value systems of managers, types of corporate culture, alignment of values between employees and companies, affective employee commitment, as well as research regarding these issues in a PRC context – are synthesised, and the basic research theory is subsequently developed.

4.2 Literature Summary

The central ideas of Hambrick and Mason's (1984) Upper Echelons Theory are that (1) executive managers "act on the basis of their personalized interpretations of the strategic situations they face, and (2) these personalized construals are a function of the executives' experiences, personalities, and values" (Hambrick, 2007: 334). In other words: In a corporate decision-making context, the personal value systems of executive management teams are highly significant.

According to the literature on personal values (England et al., 1971, 1974; Ralston et al., 1997; Bruno and Lay, 2008; Posner, 2010b; Thomas, 2013), personal values are established by (1) the sociocultural environment into which the individual is born and in which he or she grows up, and (2) the different societal subgroups the individual belongs to later in life.

The recognition of personal values as a central principle of human behaviour (e.g. McMurry, 1963; Bradley et al., 2013; Weber, 2015) increases the importance of research on values even further, especially in a managerial context.

Value research with a special focus on managers in the PRC (e.g. Ralston et al., 2006a, 2011; Wang and Ma, 2011) has shown that their basic sociocultural value system is comparatively similar to that of other societal groups, but that their values as a professional group are quite unique.

Shared values constitute the core of corporate culture systems (Liedtka, 1989a, b; Upadhyay et al., 2013). By introducing their own personal value systems, founders strongly influence the type of culture that their organisations establish (Schneider, 1987, 2008). Executive managers leading their organisations over extended periods of time may eventually exert an equally crucial influence (Schein, 2010). Organisations rely on a “broad range of symbols” (Gardner et al., 2012: 587) to communicate their value systems. Systems of corporate culture, understood as communication and leadership platforms, aid companies in the cultivation of a positive image among employees, which in turn creates stronger feelings of belonging and higher levels of identification (Hofman and Newman, 2014).

In recent years, scholars have identified relationships between organisational culture and the nature, strength and consequences of commitment on the individual level (e.g. Kirkman et al., 2009; Meyer et al., 2012b; Jackson et al., 2013; Newman and Butler, 2014). Strong corporate culture systems communicate “what works within an organisation” (Reidenbach and Robin, 1991: 273), making it easier for employees to assess their proximity to the value system of their respective organisation. If they do react positively to the corporate value system by which they are surrounded, they will probably (and most likely unconsciously) realise a value congruency, also defined as a function of P-O fit.

P-O fit is related to a selection process: (1) employees will stay with their organisations out of free-spirited, forced or trained commitment; (2) those who cannot adjust to a given corporate value system and the resulting corporate culture are likely to leave the organisation (Hewlin, 2003; Posner, 2009).

The majority of employees – those who are able to balance their personal value systems with that of the organisation as reflected by the cultural system – “will come to adopt the organization’s values” (Posner and Schmidt, 1992a: 84). Consequently, this group of employees has the best chances to develop affective commitment, and contributes the most to a company’s competitive advantage and organisational success.

In their Three-Component Model of commitment (TCM), Meyer and Allen (1991) defined affective commitment (AC) as the inclination of employees to perform (better) because *they want to*. It is this aspect of voluntariness that makes affective commitment

so attractive to a company's management, since companies with an affectively committed workforce have a tangible competitive advantage (Meyer et al., 2002; Cooper-Hakim and Viswesvaran, 2005).

The TCM "has been the dominant framework for OC research in the past decade because it is based on a more comprehensive understanding of OC" (Cheng and Stockdale, 2003: 466; see also Solinger et al., 2008: 70). The literature on commitment in a Chinese context has confirmed this finding. Several studies (e.g. Chan et al., 2006b; Snape et al., 2008) working with the TCM came to the conclusion that AC has the strongest influence on employee performance.

It has been argued that privately owned enterprises in China are "in a better position to adapt to the needs of the marketplace" (Fu and Deshpande, 2012: 301), but they often face competitive disadvantages (Boisot and Child, 1996). The managerial leadership in these organisations therefore needs to work harder to create an efficacious corporate culture which fosters the growth of affective employee commitment, and which consequently increases competitiveness.

4.3 Literature Synthesis and Development of the Basic Research Theory

The research question is:

What are the personal value systems of the members of executive management teams in private companies in China, and how do they influence the moulding of organisational culture, the levels of employee value congruency and affective employee commitment?

In accordance with the relevant literature, a basic theory model (figure 4.1) will be developed which illustrates the functional relationships between personal value systems of managers, types of corporate culture, employee value alignment and affective employee commitment. In the remainder of the chapter, the primary results of the individual parts of the literature review will be synthesised in order to develop a set of research tasks and propositions.

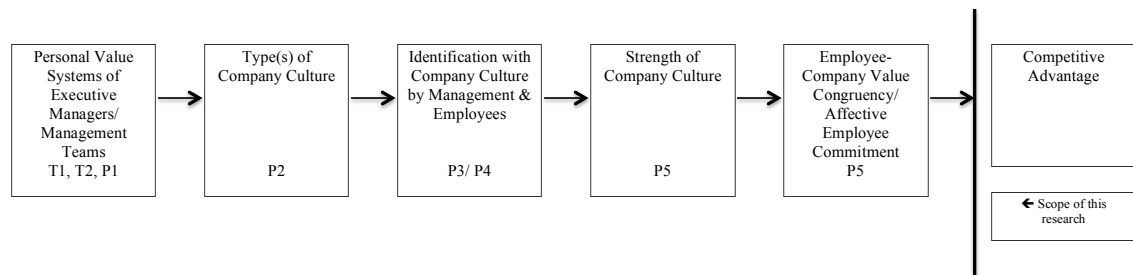


Figure 4.1 – Basic Theory Model (source: author; T1/T2 – operative research tasks; P1-P5 – propositions)

4.3.1 Personal Value Systems of Executive Managers/Management Teams

Both England (1967a, b) and Hambrick and Mason (1984; see also Hambrick 2007) considered managers to be a specific societal subgroup, and consequently assumed that managers are guided in their decision-making processes by a unique set of values. In order to test these managerial value systems, England (1967b) developed the Personal Values Questionnaire (PVQ), which was, and still is, the only research instrument specifically designed for this purpose (Cheng and Fleischmann, 2010). England started his research on managerial values with groups of American managers (1967b; England et al., 1970), but almost immediately expanded his focus to include international samples of Korean (1968), Japanese (England and Koike, 1970), Indian and Australian managers (1975) as well.

A review of the existing literature made clear that the growing economic importance of a specific country or region frequently goes hand in hand with an increased research interest in the managerial values prevailing there. For example, the rise of the PRC as an economic powerhouse from the 1980s onwards obviously inspired Ralston and his various research teams (e.g. 1992, 1997) to create their extensive research portfolio on the values of Chinese managers.

Never before was research on managerial value systems in China conducted on the basis of England's PVQ, however. Although originally developed for tests in a western environment, the PVQ showed great promise to fulfil expectations in an international research context as well. It was thus decided to develop a Chinese version of the PVQ for this study, and to apply it for the first time to a Chinese research context.

In order to answer the research question, it is necessary to establish which values the Chinese managers in this sample consider as most important. In a further step, a hierarchy of value concepts for individual executive managers as well as for the executive management teams of all companies in the sample can then be developed.

Operational Research Tasks 1 and 2 (T1, T2) – *In order to be able to test for relationships between the value systems of executive managers/management teams, the type and strength of organisational culture in their organisations, as well as employee value congruency and affective commitment, a hierarchy of personal values in the management sample both on the level of the individual manager and of the management team as a whole needs to be established.*

4.3.2 Executive Management Teams and Shared Values

As described in more detail above, personal values are obtained (1) by adaptation to the sociocultural environment during an individual's first years of life, and (2) by belonging to different sub-cultural groups as an adolescent and as a grown-up (Westwood and Posner, 1997; Hofstede, 1998a; Ralston et al., 2006a).

Managerial values are one typical example for such sub-cultural value systems (Posner and Schmidt, 1994; Bruno and Lay, 2007). Managers' personal value systems are made up of individual core values, sociocultural core values and values which result from their personal experiences as managers (Sokoya, 1993; Westwood and Posner, 1997; Nelson 2014).

Individual managers have no choice but to adapt to the value system of their societal subgroup given that this adaptation process is a necessary precondition of acceptance. Failure to internalise the new values may lead to exclusion from the group (Posner, 2009).

What the literature posits as valid for the managerial subgroup as a whole also seems to hold true for the individual company a manager chooses to work for (McMurry, 1963; Watson and Simpson, 1978; Liedtka, 1989a). Business entities are characterised by a selection of certain organisational values, which are defined as "standard behaviour set as norms for organizational members" (Hill and Jones, 2008). Ideally, these norms are

unique to each company and enable its executive management team to lead the external adaptation and internal integration processes of their organisation (Schein, 1985; Hunt et al., 1989; Meglino et al., 1989).

The literature demonstrates that corporate values affect numerous crucial organisational activities and aspects, such as strategy setting, trust in the company, human resource policies and decision-making processes in general (Valentine and Barnett, 2003). Argandoña (2003: 19, emphasis in text) considered it desirable that many different values coexist within a company, but strongly suggested that the organisation “demand *unity* in its fundamental values” despite the pluralism of the personal values of individual members.

Many recent studies (e.g. Judge and Piccolo, 2004; Bruno and Lay, 2008; Sosik et al., 2009; Schein, 2010) have collectively demonstrated that “leaders’ values matter” (Fu et al., 2010: 223). It is especially true for private companies that the founders and owners of organisations have a strong impact on their culture and value system – “they are the only ones who can fully adapt the organization to themselves. Every person who joins later will to an extent have to adapt him/herself to the organization” (Hofstede, 1985: 350). Newcomers to existing organisations must either go through an adaptation process geared towards the acceptance of the existing shared value system, or else leave the company (Westphal and Khanna, 2003; Büschgens et al., 2013).

If the totality of all managers constitutes a distinct societal subgroup, the executive management team of a single company might be understood as a unique sub-subgroup, i.e., a subgroup under the umbrella of the bigger subgroup of all managers in a given society (Posner, 2009). In exploring how the personal value systems of executive managers affect the strength of the organisational culture in their enterprises, and consequently the levels of employee-organisation value congruency and affective employee commitment, it is necessary to establish whether there is a relationship between the membership in an executive management team and a preference of similar values.

Proposition 1 (P1) – *There is a relationship between the affiliation of an executive manager to the executive team in an organisation and his or her acceptance of the shared value system of this leadership team.*

4.3.3 Shared Value Systems and Types of Organisational Culture

Both Hambrick (2007) and Cameron and Quinn (2011) confirmed the original hypothesis of the Upper Echelons Theory (Hambrick and Mason, 1984) that organisations reflect the principles of their founders, and, in more developed organisational growth stages, those of their executive management teams (Finkelstein et al., 2009).

The literature establishes positive relationships between organisational success and both executive managers' experiences (Miller and Shamsie, 2001) and personality traits (Peterson et al., 2003). Some studies investigated, for example, the role of a CEO's values in this context (e.g. Agle et al., 1999; Simsek et al., 2005).

Overall, the literature strongly supports continued research on the personal value systems of corporate leaders, because, despite their relevance for the managerial decision-making process, executives are often not even aware that they are acting under the influence of their own value systems (Chin et al., 2013).

For England (1967b: 54), personal values were likely to enter into the decision-making process of executives both consciously and subconsciously, through declared and undeclared intentions: directly through what he called "behavior channeling", and indirectly through "perceptual screening". The latter (indirect) mechanism was found to be more prevalent (Posner and Schmidt, 1992a; Oliver, 1999) and thus also more influential.

Executive leaders influence their subordinates by designing the cultural environment of their organisations (Schein, 2010), and, within the framework of these settings, by "establishing the context" (Chin et al., 2013: 200) that determines which type of behaviour is endorsed, and which is not tolerated. The organisation and all manifestations of its culture become a reflection of the executives themselves (Mischel, 1977). Personal values thus influence the system of organisational culture "well beyond executives' direct decisions", and have an impact on all "organizational outcomes" (Chin et al., 2013: 200). This seems to be particularly true in a Chinese context, where there is still widespread acceptance of the notion that only the leader can play the leader's role and, therefore, has the sole authority to make decisions (Nenova, 2003;

Cheung and Chan, 2008), leaving subordinates with little influence on shaping the cultural environment of their organisations.

The Upper Echelons Theory posits that executive managers follow their own value benchmarks when leading an organisation. Differences in leadership behaviour can be explained in that way (Finkelstein et al., 2009), as can executives' choices of specific organisational culture systems (Cameron and Freeman, 1991; Wang, Shi and Barnes, 2015).

While the literature confirms that there is indeed a positive relationship between the personal value systems of executive managers and their choices in the decision-making process, including the preference of one type of organisational culture over another, the exact nature of this relationship has not been established so far. Although the existence of this research gap was identified, researchers were reluctant to pursue the matter further until "some robust, centrally important values dimensions [could] be identified and valid measures of such constructs [could] be developed" (Chin et al., 2013: 199).

Given that the personal value systems of executive managers/executive management teams are crucial factors in the process of setting up and designing the culture system of an organisation, and given that only a very small number of relevant empirical studies has been carried out so far, it seemed worthwhile to explore the potential relationship between the personal value systems of executive managers and the organisational culture systems of their companies.

Proposition 2 (P2) – There is a relationship between the personal value systems of executive management teams and particular types of organisational culture systems.

4.3.4 One Strongly Influential Type of Culture vs. More Than One Strongly Influential Type of Culture in an Organisation

The literature review has shown that shared values are "the key elements" (Wiener, 1988) of an organisation's culture system. Existing research confirmed that organisations which select and implement a suitable set of corporate values tend to be more successful (Peters and Waterman, 1982). A consistent culture system makes clear to all internal stakeholders what is expected from them, enabling both executives and employees to adjust their behaviour accordingly, and to contribute to the greater success

of their organisation. In keeping with this, organisational culture has been described as a crucial tool which supports managers in their search for ways to improve effectiveness and performance by creating behavioural consistency within their organisation (Cameron and Quinn, 2011; Chuang et al., 2012).

While companies might be characterised by one strongly influential type of culture, they often tend to be influenced by a combination of several different types, exhibiting either several or no specific type of culture at all (Cameron and Freeman, 1991; Quinn and Spreitzer, 1991; Deshpandé and Farley, 2000). Consistent with this hypothesis, existing studies in a Chinese context showed a general tendency towards an organisational culture consisting of more than just one type, with a certain degree of preference for the Clan variety (Lau and Ngo, 1996; Liu, 2003; Ralston et al., 2006b; Chuang et al., 2012). It was argued that this general tendency is in line with China's sociocultural history and collectivist society (Hofstede and Bond, 1988; Bond and Hofstede, 1989; Felfe et al., 2008).

In order to explore the potential relationships between the shared value system of a company's executive management team and the type(s) of culture in their organisation, as well as between the strength of organisational culture and the levels of employee value congruency and affective employee commitment, it is necessary to investigate which type(s) of culture both the executive management team and the employees of each particular organisation identify as being the most influential. The Competing Values Framework (CVF, Quinn and Rohrbaugh, 1983; Cameron and Quinn, 2011), which differentiates between four culture types in organisations (Clan culture, Hierarchy culture, Adhocracy culture and Market culture), was chosen as the most suitable tool to achieve this goal. It has been successfully applied in research all over the world, and has been found by several studies to be the most suitable instrument for use in China as well (Ralston et al., 2006b; Zhang and Liu, 2006; Engelen et al., 2014).

Proposition 3 (P3) – *The executive management team of a particular organisation can identify which type(s) of organisational culture is/are most influential in their organisation.*

Proposition 4 (P4) – *The employees of a particular organisation can identify which type(s) of organisational culture is/are most influential in their organisation.*

4.3.5 Strength of Organisational Culture, Employee-Organisation Value Congruency and Affective Employee Commitment

The structure and inner consistency of the culture system in an organisation, referred to here as type of culture, is strongly influenced by the preferences of the executive leadership. The implementation of a particular system of corporate culture can thus be seen as a manifestation of the personal value system of the founder, the CEO and/or the executive management team (Wiener, 1988; Schein, 2010). Saffold (1988), and in a later study also Salvato (2009), understood the strength of a particular type of organisational culture as being represented by the extent to which the underlying value structure is shared among *all* members of an organisation. For the internalisation of the underlying corporate value system and for the identification with this system, both managers and employees seem to require a suitable context (Quinn and Rohrbaugh, 1983).

Granrose et al. (2000) emphasised that organisational change means mindset change. Managers, employees and external stakeholders alike all have their own perceptions of the characteristics of an organisation's culture (Büschgens et al., 2013). The sources of such perceptions are the different communication channels organisations use to reach out to people inside the company as well as to the outside environment. For example, the style of executive leadership represents an expression of the organisational culture that is prevalent in an organisation, and ideally should be in line with the overall value system of that company (Cameron and Freeman, 1991). Other characteristics of corporate culture that organisations can communicate are logos and symbols, procedures and routines, as well as definitions of corporate success (Cameron and Quinn, 2011: 22).

Employees learn about the characteristics of an organisation's culture both before they join its ranks (for example when they are looking for new employment opportunities, search home-pages, see and read advertisements, or buy the company's products) and after they are hired, especially when they are being put through processes of identification and internal integration (Chuang et al., 2012; Fu and Deshpande, 2014).

The literature has shown that employees are perfectly capable of identifying whether or not an executive management team expresses a caring attitude towards them, leads by example and organisational justice, implements supportive HR policies, and puts an

emphasis on shared values (He et al., 2011; Fu and Deshpande, 2014). Employees respond to these corporate culture traits with stronger identification and increased commitment (Hofman and Newman, 2014; Li, 2014). Dale (2005) proposed five characteristics of organisational culture which create a perception of being cared for in employees: (1) a personal touch, (2) a personal follow up, (3) putting personal remarks in writing, (4) giving public praise, and (5) making frequent contact. The more these aspects are emphasised by the executive leadership, the clearer they are communicated and the fairer they are implemented, the easier it is for employees to identify, internalise and reciprocate them (Chuang et al., 2012; Chan and Mak, 2014).

From a quantitative point of view, it follows that a higher grade of internalisation of the corporate value structure by managers and employees increases the strength of an organisation's culture system. From a qualitative point of view, it becomes clear that a greater similarity in the perception of the corporate culture system by managers and employees has the same effect. The strength of culture systems in organisations could therefore be evaluated on the basis of the overall level of similarity between how executive managers and employees of the same company characterise the culture system of their organisation.

As far as employee-organisation value congruency (P-O fit) and affective employee commitment are concerned, the literature shows that both concepts represent a practical and constructive approach to the assessment of an employee's extent of adaptation to the cultural environment of a given company. For practitioners like human resources officers, an awareness of this concept enhances the ability to evaluate, for example, how an employee's "values will change as a function of organizational membership" (Chatman, 1989: 342). In turn, this value integration process has strong implications on how well employees will adhere to organisational discipline and norms.

P-O fit "occurs when (a) at least one entity provides what the other needs or (b) they share fundamental characteristics or (c) both" (Kristof, 1996: 4–5). Recent studies by, for example, Erdogan and Bauer (2005), Parker et al. (2005) and Suar and Khuntia (2010) confirmed that there is a relationship between employees' personal values, the values of their organisations, as well as productivity and commitment, and have extended this finding to encompass the concept of person-environment fit. Several researchers supported the idea that employees with a high level of perceived P-O fit also

show higher levels of commitment (e.g. Valentine et al., 2002; Westerman and Cyr, 2004; Suar and Khuntia, 2010).

In 1978, Weiss demonstrated that employees are willing to adjust their own value systems to those of their corporate leaders, i.e., to develop P-O fit, when they perceive their leaders as being considerate, competent and successful. In more recent studies, Hart and Matsuba (2007) and Chan and Mak (2014) confirmed that employees who are proud of being followers of strong leaders show a greater willingness to adapt their value systems to those of their superiors, and, as a direct consequence, are more committed to their organisations and work harder.

Van Vianen et al. (2011: 908) felt that “organizational culture and leaders seem fairly tied to each other”. Jackson et al. (2013: 94) extended this conclusion, and reported a strong correlation between leadership style and affective commitment. One of the aspects that was identified as crucial is that the leadership style and the promoted corporate values in a given company ought to match the type of organisational culture prevailing in it (Ashby and Miles, 2002; Cheung and Chan, 2008). The stronger the employees perceive a match between the different components of their company’s culture system, the faster the value integration process will progress, and the more readily they will adjust their own value systems.

Regarding the concept of organisational commitment, the literature provides strong evidence in favour of a differentiation along three dimensions, namely affective, continuance and normative commitment (Meyer and Allen, 1991; Meyer et al., 2002; 2010). Among these, affective organisational commitment (AC) is the most widely studied type (Askew et al., 2013; Solinger et al., 2015). Affective commitment can be defined as a voluntary decision to invest more in the wellbeing of the company than contractually stipulated (Porter et al., 1974; Fischer and Mansell, 2009; Askew et al., 2013). For obvious reasons, this voluntary component renders affective commitment extremely desirable for executive management: Leininger (2004) confirmed that organisations with highly committed employees provide higher returns to their shareholders; Jing and Zhang (2014) reported that the participants of their study in the academic environment who considered themselves to be affectively committed stated that they were motivated to work harder and that they volunteered more frequently.

The literature has shown that the cultivation of affective commitment requires active managerial support. Organisations are intensively looking for effective ways to encourage employees to behave in affectively committed ways (Chin, 2014). Fu and Deshpande (2012) reported that the establishment of caring and independence-enhancing corporate culture types has a positive impact on commitment. Equally important are perceived job satisfaction, a sense of shared values, organisational justice and an organisation's positive reputation (Schwepker, 2001; Mulki et al., 2008; Ambrose and Schminke, 2009; Hofman and Newman, 2014; Li, 2014). In a very recent study with Dutch and Flemish participants, Solinger et al. (2015: 791) advised practitioners "to invest in making an emotional connection with the employee [and, for example, to] create units with an upbeat team spirit, uphold satisfying relationships with colleagues, and invest in inspiring leaders".

All these efforts to stimulate affective employee commitment focus on the creation of a perception of "organizational embeddedness", i.e., an emotional attachment which binds the individual to the organisation (Qi et al., 2014: 1630). The cultivation of embeddedness is obviously a crucial managerial task. It is thus hardly surprising that several studies reported that some companies went as far as to let their employees define their own daily responsibilities in a process Wrzesniewski and Dutton (2001: 179; see also Qi et al., 2014: 1629) referred to as "job crafting".

The better the various components are integrated into the overall culture system of the organisation, the stronger the reciprocal chain reaction among the employees, which in turn has the potential of creating a tangible competitive advantage and of strengthening the organisation (Rhoades et al., 2001; Grant et al., 2008).

Dineen and Soltis (2011) went even further, and predicted that a committed workforce with high levels of value congruency and embeddedness into the organisational environment is indispensable for organisations if they want to stay competitive in the 21st century.

Proposition 5 (P5) – There is a relationship between how similarly executive managers and employees characterise their organisation's culture system and the levels of employee-organisation value congruency and affective employee commitment.

4.4 Summary

The purpose of this chapter was to summarise and synthesise the findings of the literature review. A basic research model was developed and presented, and two operational research tasks and five propositions were formulated. In order to further explore these five propositions, and in order to develop them into testable hypotheses, an exploratory pilot study was conducted.

The following chapter will focus on the introduction and development of the research methods and instruments that were used in this thesis.

5 Research Method

5.1 Introduction

This chapter contains an introduction of the main research methods that are used in this thesis. The applied methodology was developed from the literature review and partially tested in the pilot study (see chapter 6). The following sections also discuss the research philosophy, the research design, the issues of reliability, validity, generalisability and triangulation, as well as ethical considerations. The development process of the research instruments is then described in detail, as are the approaches chosen for the quantitative data collection and analysis. Finally, the semi-structured interview process is described and brought into relation with the data analysis.

5.2 Paradigms

The positivist paradigm posits that social phenomena can be observed and measured. It is therefore supportive of a quantitative research approach that uses empirical measures and experimental methods to test and generalise theories that have been developed beforehand (Creswell, 2008: 4). Quantitative research “can be defined as research that explains phenomena according to numerical data which are analysed by means of mathematically based methods, especially statistics” (Yilmaz, 2013: 311). Provided that quantitative research is designed and executed correctly, the results can be applied to the whole population of subjects from which the sample was taken (Golafshani, 2003: 598).

This study aimed to establish a value hierarchy of Chinese executive managers, and to test a model that could be described by a series of hypotheses, which were in turn developed from the review of literature and influenced by the findings of the pilot study. A quantitative approach meets the requirements of the undertaken research, as it allows for a comparison of variables (Creswell, 2008: 4) and is suitable to test hypotheses and theories (Roberts et al., 2003: 2/8).

In order to achieve the additional reliability that is provided by triangulation, it was decided to add a qualitative research component. Triangulation was defined by Denzin (1970: 297) as “the combination of methodologies in the study of the same phenomenon”, and is a frequently used tool to verify the results of research. The

qualitative approach is supported by the phenomenological paradigm, and relies on more direct methods to observe phenomena (Creswell, 2008: 4). It is normally employed to gain a better understanding of a given phenomenon, as opposed to merely measuring facts that are assumed to exist. It allows participants to describe their personal experiences using their own words (Yilmaz, 2013: 313).

Traditionally, researchers regarded either the quantitative *or* the qualitative approach as the best research method for their respective fields of study (Johnson and Onwuegbuzie, 2004: 14). Brewer and Hunter (1989) were among the first to suggest a combination of both research types, a method that is now referred to as the mixed approach, or mixed (methods) research.

Over the years, the mixed approach has constantly gained in acceptance. Examining research papers from between 1994 and 2003, Bryman (2009) found a threefold increase of articles based on mixed methods research in this period. In fact, there is now a scientific publication, the *Journal of Mixed Methods Research*, that is dedicated exclusively to this research approach.

However, recent studies (e.g. Johnson and Onwuegbuzie, 2004; Bryman and Bell, 2015) pointed out that the appropriateness of the mixed methods approach is still contested. Smith (1983), for example, held that quantitative and qualitative research methods are not complementary. In a similar vein, Guba (1985) and Morgan (1998b) considered quantitative and qualitative methods to be incompatible paradigms – a statement which was in turn challenged by Bryman and Bell (2015: 642), who pointed out that “it is by no means clear that quantitative and qualitative research are in fact paradigms”. Bryman and Bell (2015: 643) further argued that “the strengths of the data collection and data analysis techniques [...] [involved in mixed methods research are] capable of being fused”. Johnson and Onwuegbuzie (2004), as well as Roberts et al. (2003), claimed that the weaknesses of one approach could be compensated by the other, thus making a study more reliable.

After careful consideration of both sides of the debate, and after the evaluation of the pilot study, it was decided to proceed with a mixed approach. As some of the research instruments had not been tested in China before, the qualitative component held out the

prospect of gaining deeper insight into the motivations behind the answers in the questionnaires.

5.3 Research Design

As the aim of this study was not a documentation of changes, but an examination of Chinese managerial values and their relationship to corporate culture and employee commitment in the here and now, a cross-sectional study rather than a longitudinal study seemed to be the most suitable approach (Yang, 2010: 14). A cross-section of privately owned companies in the service industry of the Beijing area of the PRC was approached. Instead of choosing a single respondent design, groups of executive managers and employees were selected from each firm to examine the inner structure of their companies.

As has become evident during the literature review, existing studies have only examined minor parts of the research question of this thesis. Therefore, no direct comparison regarding the research design was possible. Studies that examined the corporate culture of companies in China using Cameron and Quinn's OCAI also opted for a cross-sectional approach. However, in contrast to this thesis, Deshpandé and Farley (2000), Deshpandé et al. (2004) and Ralston et al. (2006b) all based their data collection on a single respondent per company, admitting that their approach "could be a limitation if the response was not representative of the company's culture" (Ralston et al., 2006b: 840).

It is universally acknowledged that, given the sheer number of private companies in China, the different stages of regional economic development and the multi-faceted sociocultural environment of these regions, the PRC cannot be viewed as a single entity (Ralston et al., 1999, 2008; Zhang and Liu, 2006; Yan, 2009; Gamble and Tian, 2015). Yin (2014: 40) argued that such a research environment ultimately makes it impossible to achieve a high enough number of participants that can "serve as an adequately sized sample to represent [the] larger population". Consequently, although cross-sectional, this study is best described as a single case study, comprising 18 sample companies instead of just one, with survey and interview results being pooled across all participating private businesses. Yin (2014: 62–3) developed the rationale of the chosen approach: The 18 participating organisations ought not to be considered as individual

cases, but rather as a kind of replication of the others, and hence as the constituent parts of what is now a larger and coherent unit of analysis.

There is no golden rule as to how many cases are best in terms of research design. Yin (2014: 61, 64), referring in turn to Eilbert and Lafronza (2005) as well as Hanna (2005), suggested to use at least two cases, but better yet, five or more – ultimately, “designating the number of replications depends upon the certainty” one wants to achieve in regard to research results. In light of this, the 18 cases on which the present study is based would appear to safeguard a reasonably robust research design.

5.4 Reliability, Validity, Generalisability and Triangulation

A study is considered reliable if the sample represents the population from which it was taken, and if the results are consistent over time (Golafshani, 2003). Validity represents the degree to which “the means of measurement are accurate and whether they are actually measuring what they are intended to measure” (Golafshani, 2003: 599).

Reliability issues will be discussed in more detail in chapter 6, where the pilot study sampling is described. Sample companies for both the pilot and the main studies had all been registered in the Beijing area for at least five years, were privately owned, and belonged to the service sector. Special care was taken to ensure that a broad range of services was covered, e.g. event management, PR, logistics, wholesale, consulting and R&D. The fact that the straightforward approach of contacting member companies of the China General Chamber of Commerce (CGCC) via e-mail addresses, telephone or fax numbers from the chamber’s database (see chapter 5.6.5) was not successful might be related to sociocultural factors: In the PRC, and arguably in all collectivist societies, trust is usually shown only to in-group members, and rarely to unknown outsiders (Hofstede, 1980; Bond, 1996; Engelen et al., 2014).

In order to achieve the required levels of reliability and validity for the positivist part of this study, only well-established research instruments were used. The development process of both questionnaires was undertaken with utmost care, and followed established procedures in international research. The translators and nine members of the peer group (see chapter 5.6.5) that helped to evaluate, polish and test the two questionnaires were all recognised experts in their field. Furthermore, all research

instruments with the sole exception of the PVQ had been successfully used in a Chinese context before.

In qualitative research, reliability and validity ultimately depend upon the ability and credibility of the researcher who is directly involved (Golafshani, 2003). The trustworthiness and authenticity of the interviewer are important to ensure that the results are accurate (Golafshani, 2003; Yilmaz, 2013).

The deep insight into the cultural specifics of interviewees that is absolutely indispensable when conducting qualitative research (Yilmaz, 2013: 321) was provided by the author's longstanding China experience. By conducting all interviews in Chinese, the researcher was able to establish trust between him and the interviewees. This approach also made it possible to, for example, restate a question when it seemed that an interviewee did not fully understand its meaning. Nevertheless, typical threats to reliability in phenomenological research, e.g. interviewer errors or interviewer bias, were seriously considered. A series of six test interviews was arranged to fine-tune the questions, to give further confidence to the interviewer and to increase awareness of possible subject errors. The potential problem of bias was also extensively discussed with the translators of the interview transcripts (on the issue of bias see also: Yilmaz, 2013: 321–3).

It was the aim of this study to test a theoretical model that, once successfully proven, was generalisable and applicable to other contexts as well. Generalisability is often defined as a measure of how well the conclusions of the research can be applied to the population as a whole (Roberts et al., 2003: 5/37). Researchers (e.g. Fowler, 1988) speak of statistical generalisation when an inference about the universe of a sample can be made on the basis of empirical data collected from that sample. Yin (2014: 68) developed the competing notion of analytic generalisation, which he considered to be especially pertinent to research based on case studies, independent of whether a single-case or a multiple-case scenario is concerned. According to Yin (2014: 68), analytic generalisation “consists of a carefully posed theoretical statement, theory, or theoretical proposition. The generalization can take the form of a lesson learned, working hypothesis, or other principle that is believed to be applicable to other situations”. Yin (2014: 40) further argued that statistical generalisation constitutes an inappropriate approach to case studies, since the sample size is usually not sufficient.

The theoretical model applied in this study was developed on the basis of a rigorous and comprehensive literature review. During the development phase, leading researchers from the relevant fields were regularly contacted and provided additional input on their own experiences and current research developments. The decision to test this model in China first was thought to add further value to the present study, particularly in light of the persisting knowledge gaps about this crucial market. Combining a quantitative with a qualitative approach was felt to further improve the validity, reliability and generalisability of this research by means of triangulation (Golafshani, 2003: 603), lending additional support to broader and more complicated research questions (Yin, 2014: 67). The choice of this combined methodology was one of the most important conclusions drawn from the pilot study (see chapter 6). It is hoped that the present study will encourage future researchers to test the model in other environments as well.

5.5 Research Ethics

From the very outset, all ethics-related issues were approached with the greatest possible care. Issues such as ownership of copyrights and validity of sources were researched with rigour. For the questionnaires, permission to use the instruments was sought and obtained from the researchers who originally developed them. Copies of the e-mail conversations in Appendix F document this process.

The researcher has carefully read and signed the Confidentiality Understanding and Assignment of Ownership of Intellectual Property with the Heriot-Watt University, Edinburgh. Further to this, the researcher has agreed to fully oblige to the Postgraduate Research Student Code of Practice.

As discussed above, researchers have characterised China as “a low-trust society” (Kriz et al, 2014: 28). In order to maximise the confidence of the participants in this research, each questionnaire was accompanied by an introductory letter from the researcher that explained the purpose of the study and that assured the strictest confidentiality and anonymity. Additionally, the questionnaires were handed out in unmarked envelopes that were sealed by the participants and only opened by the researcher. However, the researcher is fully aware that in spite of these measures some of the participants might still not have felt secure enough to give answers reflecting what they really thought, and

instead may have answered questions in a way they considered ‘safe’. This possible bias needs to be considered in the final evaluation of the results of this study.

5.6 Development of the Research Questionnaires

In one of his papers, Hofstede (1976) succinctly pointed out some of the inherent methodological limitations of paper-and-pencil research instruments: They are based on self-description by respondents, they are designed by persons and based on data from one particular cultural environment, and they are language-bound, i.e., they usually have to be translated if applied in a different cultural context.

The questionnaires for this research were developed on the basis of four well-established templates, whose usefulness and reliability had been thoroughly proven in research on both western and eastern contexts.

The development process involving translation and retranslation, comparison to already translated and utilised versions of particular instruments, expert panel discussions, adjustments and initial testing, took more than six months.

The four measurement instruments amalgamated into the new questionnaires for this study will now be briefly introduced.

5.6.1 The Personal Values Questionnaire

England’s Personal Values Questionnaire (PVQ) was specially developed for research on managerial values. Introduced in England’s (1967a, b) studies on the personal value systems of 1,072 American managers, it is still considered to be the only value-research instrument specifically focusing on managerial values (Cheng and Fleischmann, 2010). A review of the existing literature reveals that the PVQ has not as yet been used in a Chinese context. The development of a reliable Chinese-language version is thus one of the unique contributions of this study to the available body of research.

The PVQ consists of 66 items, grouped into the categories Goals of Business Organizations (8 items), Groups of People (16 items), Ideas Associated with People (13 items), Personal Goals of Individuals (13 items) and Ideas About General Topics (16

items). The respondents were asked to rate the importance of each topic on a three-point Likert scale. Additionally, the respondents had to indicate whether they considered each topic to be primarily successful, pleasant, or right. England thus measured whether the managers were pragmatically, ethically and morally, or effect oriented (England, 1967b: 59). The questionnaire concluded with 19 questions regarding personal information.

Abbasi and Hollman (1987: 47) saw “England’s primary contribution to the literature [...] [in] his expressed awareness of the importance of integrating the concept of values into theoretical and predictive models of managerial behaviour”. Oliver (1999: 159), who worked with the PVQ for over 30 years, wrote that “England’s PVQ is shown to be a stable personal value measurement and classification tool”. Yip Wai Leung (2002) considered England’s PVQ to be one of the three most-widely used analytical tools of value research.

Posner and Munson (1981) investigated the underlying factorial dimensions of the PVQ and tested a shorter version of it. Unlike England’s approach, however, respondents were asked to rate the importance of each of the 66 value concepts of the PVQ on a seven-point Likert scale.

After thorough testing, Posner and Munson (1981: 1246) eliminated all “suspect” dimensions of England’s PVQ, and came up “with five factors having eigenvalues greater than 1.0. [...] These five factors explained 88.6 percent of the variance” (Posner and Munson, 1981: 1247–8). The fact that the authors, like England, also arrived at five factors was coincidental. The new factors were named Business Goals (F1), Groups of People (F2), General Topics (F3), Personal Goals (F4) and Personal Characteristics (F5).

In a further step, Posner and Munson (1981: 1248) included 48 of the original 66 value-concepts into what they described as a now “more parsimonious and easily interpretable personal values inventory”. According to Posner and Munson (1981: 1253), the advantages of the new 48-item PVQ are (1) an approximately 30 per cent reduction in respondent completion time, (2) potentially lower coding and scoring costs, and (3) greater interpretability of results.

Thus far, only Westwood and Posner (1997) conducted a study with an English language version of the 48-item PVQ in a Hong Kong Chinese context.

5.6.2 The Affective Commitment Scale

In 1984, Meyer and Allen developed two eight-item scales to measure affective and continuance commitment. In a later study, they added another eight-item scale for normative commitment, thus creating their Three-Component Model (TCM) of commitment (Allen and Meyer, 1990, 1991). This model now consisted of 24 items, divided into three eight-item scales: one for affective, one for normative and one for continuance commitment. The scales were later revised and shortened to six items each (Meyer et al., 1993; Allen and Meyer, 1996). A nine-item version (3 items per scale) was also developed (Gellatly et al., 2006), but the 24-item (8 items per scale) and 18-item (6 items per scale) versions remain the most widely used.

Some critical voices (e.g. Solinger et al., 2008; Klein et al., 2012; Klein et al., 2014) argued that commitment might be better defined as a uni-dimensional concept, and challenged the concepts of normative and continuance commitment. On the other hand, the Affective Commitment Scale was seen as representing “the most reliable and strongly validated dimension of organizational commitment [...] [with] the greatest content and face validity [...]” (Solinger et al., 2008: 71). This scale was used in this study in its 6-item version.

In a Chinese context, the 18-item version of the TCM was successfully employed by, for example, Chen (1997), Chen and Francesco (2003), Cheng and Stockdale (2003), and Chan et al. (2006a, b).

5.6.3 The Shared Values Scale

Barry Posner has carried out research on the topic of person-organisation fit over the course of the last 30 years. His Shared Values Scale comprises two items, the latter being reverse-scored. In Posner and Schmidt’s study from 1984, one of the two items had already been tested; in 1985, Posner, Kouzes and Schmidt introduced the two-item version. Other studies that successfully used this scale were conducted by, among

others, Posner and Schmidt (1992a, b; 1993), Posner and Westwood (1995), Martin and Woldring (2001), Posner (2010a) and Ball (2013).

The Shared Values Scale measures the extent to which employees share the values of their company, a concept also called person-organisation fit. Over the course of several decades, the wording of the items has been changed only slightly. Posner et al. (1985) did not indicate how they rated the items, but in later studies Posner used a seven-point Likert scale (e.g. Posner, 2010a).

The 1995 Posner and Westwood study validated the scale for the first time in a Chinese context, applying it to a sample of managers from Australia and Hong Kong. Thanks to the English language proficiency of Hong Kong Chinese managers, Posner and Westwood were able to work with their original English version of the scale. The present study is the first to utilise the Shared Values Scale in the context of the PRC, a purpose for which it had to be translated into Chinese.

5.6.4 The Organizational Culture Assessment Instrument

Based on the Competing Values Framework (CVF), the Organizational Culture Assessment Instrument (OCAI) is a sophisticated research instrument originally developed by Quinn and Rohrbaugh (1983) and Cameron and Ettington (1988), and subsequently expanded by Quinn and Spreitzer (1991) as well as by Cameron and Quinn (1999, 2011).

Quinn and Rohrbaugh (1983) designed the CVF to categorise general organisational phenomena in relation to organisational effectiveness. Cameron and Ettington (1988) adapted the model to describe organisational culture types.

The CVF has 39 indicators of effectiveness that vary along two major dimensions, and that join together to form four main clusters. The first dimension distinguishes the effectiveness criteria of control, stability and order from the criteria that stress discretion, flexibility and dynamism. Whereas some organisations are considered to be effective if they are mechanistic, stable and predictable, e.g. government agencies, others are deemed to be effective if they are organic, changing and adaptable, e.g. Apple

Inc. This continuum ranges from organisational stability and longevity on the one end to organisational plasticity and versatility on the other.

The second dimension distinguishes between effectiveness criteria focusing on external orientation, rivalry and differentiation, and criteria that emphasise internal orientation, unity and integration. Whereas some organisations are considered effective when they have harmonious internal attributes, e.g. Hewlett-Packard recognising a consistent 'H-P way' of doing things, others are deemed effective when they focus on competing or interacting with external entities, e.g. HSBC taking pride in 'being the local world bank'. This continuum ranges from the extremes of organisational independence and separation on the one end to organisational cohesion and harmony on the other (Cameron and Quinn, 2011; Gardner et al., 2012).

These two dimensions then create four quadrants labelled Clan, Hierarchy, Adhocracy and Market, each reflecting a particular set of organisational effectiveness indicators that define what people value about an organisation's performance and how they judge it. Each of these value pairs consists of polar opposites (i.e., flexibility vs. stability; internal vs. external orientation) and thus represents competing values that reflect the organisation's set of values, assumptions and orientations, i.e., its organisational culture.

The Clan culture, with its emphasis on cohesion, morale, participation and loyalty, falls within the internal/stable quadrant, which lies at the opposite extreme from the Market culture, which falls within the external/flexible quadrant and stresses production, competition and goal achievement. The focus of the Hierarchy culture is on rules, policies, procedures and control and is the direct opposite of the Adhocracy culture, which stresses innovation, flexibility, creativity and risk (Gardner et al., 2012; Heritage et al., 2014).

The figure below shows the four main features of the CVF. Both sides of the figure present two pairs of opposing values. The first pair represents the opposites internal vs. external, i.e., person-oriented emphasis versus organisation-oriented emphasis. The second pair represents the opposites stability and control vs. flexibility and discretion. In combination, "[t]he four clusters of criteria define the core values on which judgements about organizations are made" (Cameron and Quinn, 2011: 40).

FLEXIBILITY/DISCRETION

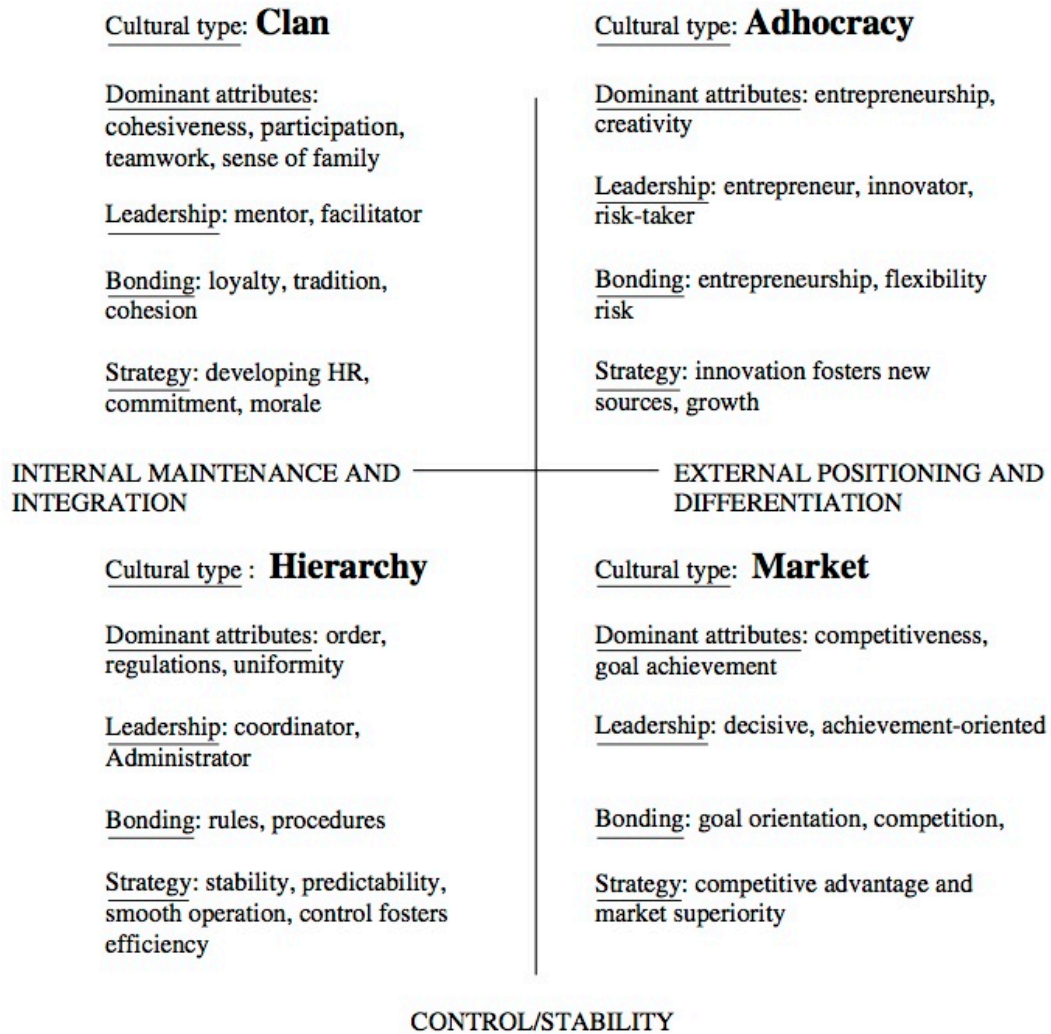


Figure 5.1 – The Competing Values Framework (source: Ralston et al., 2006b, adapted from Cameron and Freeman, 1991 and Cameron and Quinn, 1999)

Originally, the Organizational Culture Assessment Instrument (OCAI) worked with a scenario approach and a ‘forced choice’ ipsative rating scale. Individuals of the sample had to allocate 100 points among the four scenarios for each item, thereby indicating which scenario best described their company. In light of the shortcomings of the ipsative approach, Quinn and Spreitzer (1991) tested a Likert scale version of the four-item OCAI on the same theoretical basis. In 1999, Cameron and Quinn added two more items to the OCAI, thus making it more precise. The six-item OCAI with a Likert scale was successfully used by, for example, Al-Khalifa and Aspinwall (2001), Ralston et al. (2006b), Gardner et al. (2012), Engelen et al. (2014) and Heritage et al. (2014).

In a Chinese context, the OCAI proved to be superior to other organisational culture assessment instruments (Ralston et al., 2006b). Studies by Deshpandé and Farley (2000, 2003), Deshpandé et al. (2004), Zhang and Liu (2006), Ralston et al. (2006b) and Fu

and Deshpande (2014) demonstrated the usefulness of the instrument when confronted with Chinese samples.

5.6.5 The Development of the Questionnaires

For this study, two questionnaires were developed: the first was directed at executive managers (71 items), and the second at employees (32 items). These two questionnaires were based on the four well-established research instruments introduced above: England's PVQ, Meyer and Allen's Affective Commitment Scale, Posner's Shared Values Scale, and Cameron and Quinn's OCAI. Each questionnaire concluded with a set of questions regarding the respondents' personal data, such as their work position, time spent at the company, age, gender, education and income.

Chinese language versions of both the OCAI and the Affective Commitment Scale were available from Ralston et al. (2006b) and Chen (1997). Nevertheless, after consulting the expert panel on recent linguistic changes in the rapidly developing society of the PRC, it was decided to (re)translate all four of the research instruments.

The original four questionnaires were first translated from English into Chinese and then back into English by two independent Chinese University linguistic lecturers. This procedure was recommended by Brislin (1993) and is followed by many researchers, e.g. Deshpandé, Farley and Bowman (2004) and Newman and Butler (2014). This approach is not without its critics, however (e.g. Sechrest et al., 1972; Triandis, 1992 and Van de Vijver and Leung, 1997): Sechrest et al., for example, warned of what they called the "paradox-of-equivalence trap", i.e., the attempt to achieve an overambitious level of equivalence in translation that might obliterate important cultural differences.

In a second step, the translators, the author and another language expert met and discussed the two retranslated English language versions of the questionnaires. Where differences in wording were detected, the process was followed back to both the Chinese and original English versions and, after thorough discussion, the best possible expression was decided upon. As a result of step two, improved Chinese versions of the two questionnaires were obtained.

In step three, an expert panel was selected from different areas of language-related professions, i.e., Anglicists, journalists and Sinologists, as well as from the study's target group, i.e., executive managers from private Chinese companies. In total, nine experts and the author discussed in detail the Chinese language versions of both questionnaires derived from step two. As a result of this expert discussion, the questionnaires were further adjusted. During this process, the previously existing Chinese language versions of the OCAI and the Affective Commitment Scale were also consulted.

The support of the expert panel enabled the author to assess the validity of the questionnaires beforehand and to double-check the accuracy of the Chinese translation. On the basis of feedback provided by the expert panel, some further changes were also made in the ordering of the scales and the Chinese translation of some items. In the PVQ, for example, the category of Laborers was felt by the expert panel as representing the many millions of unskilled men and women from the countryside who come to the mega-cities in search of work. The term Craftsman was understood to refer to someone who might be plying his or her trade in a small stall by the street, essentially an artisan. The discussion about the concept of White Collar Employees resulted in a translation closer to the term Staff, which was subsequently used to refer to the employees of the target firms. Finally, the concept of Blue Collar Workers was considered to be irrelevant for privately owned domestic firms in the service industry. The concept was therefore omitted, leaving a total of 47 items in this part of the questionnaire. The PVQ was included in the questionnaire for managers only, and featured a seven-point Likert scale ranging from "of little importance to me" to "very important to me".

To measure affective commitment, Allen and Meyer's (1996) six-item AC Scale was used exclusively in the employee questionnaire in conjunction with a seven-point Likert scale, ranging from "strongly disagree" to "strongly agree". A Chinese language version was obtained from Chen's (1997: 167) doctoral dissertation. This version had been developed in a Hong Kong context. Since the usage of some Chinese characters and expressions is quite different between Hong Kong and Mainland China, Chen's (1997) version was used as a reference only, and not as the final research version. Moreover, Chen (1997) had decided to change the three reverse-scored items in the scale to directly scored items. The expert panel appreciated Chen's intention in doing so, since double negative expressions can sometimes be hard for Chinese people to understand.

At the same time, members of the expert panel agreed that these items should not constitute too big a problem, since the Chinese language is not completely devoid of double negative expressions. Consequently, it was decided to maintain the reverse-scored items and to separate both groups into directly scored items 1–3 and reverse-scored items 4–6.

Posner et al.'s Shared Values Scale (1985), used to measure person-organisation fit, was also employed for the employee questionnaire only. A Chinese language version of this two-item scale was developed via the process outlined above. Prior to the start of the translation process, Barry Posner was contacted and kindly provided the latest wording of the two items: (1) "My personal values are generally compatible with the values of my organization"; and (2) "I find that sometimes I must compromise personal principles to conform to my organization's expectations". The expert panel approved the presented Chinese version without further changes. Like Posner (2010a), this study used a seven-point Likert scale ranging from "strongly disagree" to "strongly agree". While item one was considered to be supportive of a stronger P-O fit, item two was evaluated as unsupportive of a stronger P-O fit, and thus had to be reverse-scored. This assumption was confirmed by Professor Posner (see Appendix F2).

Cameron and Quinn's OCAI (2011) was used in both questionnaires to detect the perceptions of both executive managers and employees regarding the type(s) of organisational culture of each firm. A Chinese language version of the six-item OCAI was obtained directly from David Ralston, but was only used as a reference for the new translation. Ralston et al. (2006b) had worked with a nine-point Likert scale, which was changed to a seven-point scale for the present study to match the other instruments. Besides, the expert panel agreed that the distinctions between nine points were, perhaps, so fine as to make it unrealistic to expect the respondents to fine-tune their answers to such a level.

In summary, all possible care was taken during the development process of both questionnaires. No effort was spared to bring the two research instruments up to the highest standards of modern Chinese as spoken in the PRC, with clearly understandable tasks and meaningful translations or equivalent concepts that faithfully replicated the contents of the original questionnaires. Nevertheless, some concerns may remain regarding the potential loss or distortion of information in the process of translation. It

seems to lie in the nature of the concepts involved that no final proof is possible as to whether two people really understand, feel, and/or perceive exactly the same things when discussing values such as freedom, truth, conformity or loyalty in different languages. Leading researchers confirmed this point for studies conducted with instruments developed in the native language of the participants, and it might well be even more true in the context of intercultural research. Despite the fact that every effort was made to achieve the highest possible quality of the research instruments utilised, the author is fully aware that potentially limiting influences could not be totally excluded.

5.7 Sample Design

It has been argued that privately owned Chinese companies are better placed than SOEs to adapt to the requirements of China's rapidly changing economic environment (Fu and Deshpande, 2012). At the same time, since most of the private companies are relatively small in comparison to the huge state-owned enterprises, these companies struggle to retain their existing workforce and attract new talent (Hofman and Newman, 2014). The vast majority of privately owned Chinese companies is clustered in the service industry, which absorbs over 80 per cent of the privately employed workforce (source: China Statistical Office, 2013). Nonetheless, only a small handful of studies has focused on the service industry in China so far (He et al., 2011).

Research on the scope of this study always represents a compromise between the wish to generate the largest number of samples possible and the obvious limitations set by the available time, budget and manpower. Therefore, a quota sampling approach was chosen. Quota sampling, like systematic sampling or stratified sampling, is a well-established and "frequently used technique" (Roberts et al., 2003, 3/9).

In order to work with an acceptable quota of participants, it was decided to benchmark comparable studies which had also sampled in a Chinese context (see table below). Consequently, a target quota of around 100 managers and 400 employees was set.

Deshpandé, Farley	2000	100 senior managers (61 SOEs, 36 JVs)	single respondents from each firm
Deshpandé et al.	2004	Japan: 43; Hong Kong: 147; Thailand: 100; India: 29; China: 100; Vietnam: 127	single respondents from each firm

Ralston et al.	2006b	435 Chinese managers (SOEs: 233, POEs: 96, FCBs: 106)	single respondents from each firm
Tsui et al.	2006b	Study 1: 142 MBA students; Study 2: 542 managers taking MBA classes	

Table 5.1 – Number of Participants, Comparative Studies (source: each respective study)

Generally speaking, sampling in a Chinese context remains a challenge (Egri and Ralston, 2004; Chan et al., 2006b; Gao and Kotey, 2008). For this research, the Beijing branch of the China General Chamber of Commerce (CGCC) pledged its support. The CGCC is an official umbrella organisation, operating countrywide with 3,088 so-called direct members (in 2014/15) and around 70,000 so-called indirect members. Indirect members are registered with sub-organisations and sub-committees of the CGCC related to specific industries, regional organisations, or lobbying groups. The prospective participants for this study belonged to the group of indirect members.

In an initial attempt, a total of 60 privately owned service companies from the Beijing area were approached. The companies were chosen on the basis of stratified random sampling, i.e., only companies with numbers that could be evenly divided by 5 were selected – a method that was successfully used by Zhang and Liu (2006: 822) as well. The companies were approached in Spring/Summer 2014 via the available e-mail addresses, telephone and fax numbers. Unfortunately, there were almost no positive responses.

Consequently, it was decided to launch a second attempt in Spring 2015. This time, the approach of comparable studies in the PRC (e.g. Yang, 2002; Tsui, 2009; Child, 2009; Nolan, 2010, 2011) was followed: Existing personal contacts established initial access to the owners or executive leadership of 18 privately owned companies which subsequently agreed to participate in this research, and which represented a total of 107 managers and 431 employees. All organisations fulfilled the established requirements, i.e., they were registered in the Beijing area, belonged to the service industry and were privately owned.

The chosen approach might be called convenient sampling with some degree of justification, but it has to be kept in mind that in collectivist cultures the decision-making process is centralised at the top of the hierarchy pyramid, and trust is given to in-group members only (Hofstede, 1980; Engelen et al., 2014; Gamble and Tian, 2015).

Therefore, the choice of a personal approach seemed to be appropriate and ultimately inevitable. This view is supported by Cunningham and Rowley (2010), who found in their literature review “that personal relationships are crucial in academic research in China, since little data is likely to be gathered without connections”. It is also confirmed by Kriz et al. (2014) in their study concerning the importance of *guānxi* for successful data collection in China.

A total of 107 manager questionnaires and 422 employee questionnaires were distributed, and a total of 102 (95%) manager questionnaires and 372 (88%) employee questionnaires were returned. These response rates are actually quite high, and can be considered as fully acceptable in organisational research (Baruch and Holtom, 2008). After a thorough control process, a total of 18 (5%) employee questionnaires were discarded: In one company, as was suspected during the control process and later confirmed, the secretary of the general manager had in good faith filled out 15 employee questionnaires on her own.

In the end, a total number of 102 manager questionnaires and 354 employee questionnaires could be included in the statistical analyses.

5.8 Analysis of Questionnaire Results

Statistical calculations of the questionnaire results were performed with Stata (version 8), a widely recognised statistical software package recommended for statistical analysis in doctoral dissertations in economics and finance (Baum, 2004: 160).

The remaining number of completed questionnaires was sufficient to secure representativeness for each of the 18 participating sample firms. To achieve the same result for the total potential number of private companies in the PRC’s service sector is most likely impossible. The purpose of opting for a quota sampling approach was thus mainly twofold: (1) to achieve acceptable numbers of usable questionnaire responses to be able to perform the established statistical operations (by contrast, the design and limited sample size of the pilot study precluded this), and (2) to reach reasonable levels of comparability with earlier studies in a Chinese context (see also Table 5.1. above). Both aims were achieved. The quantitative part of the analysis rested on well-established statistical operations such as factor analysis (PVQ), correlation analysis on

different levels (PVQ vs. OCAI) and regression analysis (PVQ vs. OCAI). Additionally, Cronbach's alpha coefficients were calculated to test for internal consistency of the scales utilised.

5.9 Semi-Structured Interviews

The decision to use semi-structured interviews was made as a direct result of the pilot study (see chapter 6), because they create “space for the researcher to probe a participant's responses for clarification, meaning making, and a critical reflection”, and provide “a great deal of versatility” (Galletta, 2013: 24). Semi-structured interviews offer a much deeper insight into a participant's opinions than a completely structured questionnaire, while still allowing for a relatively easy comparison of results.

After the formal research theory was tested by quantitative means and the results of the analyses became available, the qualitative part of the research in the form of semi-structured interviews could be executed. This step was used to further explore the value preferences of Chinese executive managers and, for example, to see whether any value items had been identified which were relevant in a Chinese context, but which were not included in the original questionnaire by G.W. England. Other aims of the qualitative research were to come to a better understanding of how both executive managers and employees characterised the types of corporate culture in their respective companies, and to look for a possible rationale behind the obvious contradiction between confirmed high levels of employee-organisation value congruency and a comparably high level of a need to compromise. Finally, the semi-structured interviews were intended to provide indications as to the grade of perceived commitment among the participating employees.

Following the guidelines of the University of Leicester on “Interviewing for Research” (<http://www.le.ac.uk/emoha/howtointerview/questions.html>), two separate sets of questions were developed, one each for managers and employees. The questions were phrased to ensure that they touched on the different foci of the hypotheses in order to support the main purpose of the qualitative section of this study, i.e., in order to provide additional and deeper insights into the chosen research topics.

The executive managers were asked six questions, for example:

Which values are most important to you personally?

To what extent are your personal values reflected in the organisational values of your company?

The employees were asked another six questions, for example:

Why do you prefer working for a private Chinese company instead of, for example, a state-owned enterprise (SOE)?

What are the most important organisational values in your company?

A full list of questions along with selected interview transcripts can be found in Appendix D.

In order to establish the reliability of the qualitative data, the following approach was adopted:

1. Six interviews were performed as a pilot to further fine-tune the questions, to obtain additional experience in conducting this type of research, and to ask for suggestions regarding the structure and content of the interviews. It turned out that the participants of the pilot interviews were able to answer all questions without any major difficulties.
2. Afterwards, the pilot interviews were carefully evaluated and adjustments to the questions implemented.
3. Based on the carefully adjusted interview outline, the actual interviews of the main study were conducted six to nine months after the pilot interviews, some interviews earlier, some a little later in the data collection process.
4. Since the researcher worked in China for more than 25 years and fluently speaks the language, he himself conducted all interviews in Chinese. The interviews were recorded with the permission of each interviewee. The length of the interviews varied between seven and 30 minutes. A total of 12 managers and 14 employees from five companies were interviewed.

5. All interviewees participated voluntarily in the qualitative research. The interviews were conducted in a relaxed atmosphere, with only the researcher and the interviewee present in the room, and without any kind of additional supervision.

5.9.1 Analysis of the Semi-Structured Interviews

In the first step of analysis, the interviews were transcribed. In the second step, the interviews were translated into English by a team of Chinese and English language professionals, with supplementary retranslations carried out where necessary. The finishing touches were applied by an independent translator, and the transcripts were subsequently organised in a table format (see Appendix D4–D7).

The organisation of interview passages into tables allowed for a direct comparison between them, and thus for the detection of patterns supporting the results of the quantitative analysis. Topics pertaining to the research question were identified and structured in order to enable a mapping of the content (Galletta, 2013: 121). The major statements of the participants in regard to each of these themes were then summarised in a separate column, and the original quotes were underlined in the interview transcriptions. In a further step, the statements of all interviewees from the same company were catalogued in a separate table, and the statements of the managers and employees within each firm were compared as well. Finally, these tables were complemented with representative quotes for illustrative purposes (see Appendix D3).

5.10 Summary

This chapter described in detail the design, methods and instruments used to conduct the pilot and main studies of this research. Based on the literature review and the results of the pilot study, it was decided to rely on a mixed methods approach, combining quantitative with qualitative elements, and including a number of semi-structured interviews.

The quantitative part consisted of two questionnaires, one designed for managers and one for employees. Both questionnaires were based on well-established research instruments, of which all but one had already been successfully used in research with

Chinese samples. Reliability, validity and generalisability issues were carefully addressed in order to ensure research results of consistently high quality.

The next chapter will present the results of the pilot study and the development of the formal research theory.

6 Pilot Study and Formal Research Theory

6.1 Introduction

This chapter presents the pilot study, which was conducted with two privately owned Chinese companies from the Beijing area. Individual sections introduce the background of the pilot study as well as the applied methodology, the results and the conclusions. Furthermore, lessons for the main study are evaluated. The Chinese research questionnaires (see Appendix A) that were specifically designed for this research are discussed, and the findings of the pilot study are used to develop and formulate the basic research theory. A presentation of the formal research model concludes this chapter.

6.2 Purpose of the Pilot Study

The reason for conducting a pilot study for this research was threefold:

1. to (further) test the newly developed questionnaires in Chinese,
2. to collect preliminary data,
3. to assess the research methodology.

6.3 Pilot Study Sample

The pilot study was conducted during the summer of 2014 with two privately owned companies registered in Beijing. Both organisations belonged to the service sector. Since the business mode of the firms required teams to travel constantly to project and event locations throughout China, the teams almost never met at their central offices at the same time. Therefore, it was impossible to invite all of the selected sample members into one room at any one fixed moment in time. After two rounds of initial talks with the firms' executive management regarding the purpose of the pilot study, the questionnaires were handed over to the executive managers in charge of HR in the firms. These individuals were responsible for distributing the questionnaires and for collecting them again from all the participating managers and employees during the course of four weeks.

A note in Chinese addressed to the sample group by the author of this research emphasised that full anonymity was guaranteed throughout the process. Managers and employees who agreed to participate in the test were given the questionnaire together with an open envelope. They were asked to complete the questionnaire either at home or in the privacy of their working cubicles, and to hand in the sealed envelope containing the questionnaire to the HR managers, who then returned them to the author of this study.

The first organisation (firm A) that participated in the pilot study is one of the leading Chinese companies in the automotive training, dealer coaching and car test-drive event industry. Firm A is part of a bigger privately owned Chinese industrial group with diversified interests, and is owned to 100 per cent by one family.

Firm A has existed for over ten years, and serves well-known international and national automotive clients in China. Given the huge growth rate of the automotive industry in the PRC, firm A has grown rapidly during the last five years. This trend is expected to continue in the years to come.

All 40 employees and 12 executive managers from the company were asked and agreed to participate in the survey. After the removal of invalid questionnaires, a total of 36 usable questionnaires from employees and 12 from managers remained.

Approximately 60% of the participants in firm A were male and 40% were female. Only one manager did not answer any of the personal questions. The average age of the employees was between 20 and 39 years (94%, n=34), while the majority of the managers (75%, n=9) stated that they were between 30 and 39 years old.

Whereas the majority of the management had been working for the company for at least four years (58%, n=7; two managers had been in the company less than one year), only two of the employees had been employed by the company for more than three years, and more than half of them had been there for less than one year (61%, n=22).

The managers earned up to ¥50,000 (GB £5,000) a month, while the majority of employees (50%, n=18) had to make do with a tenth of that, i.e., with less than ¥5,000 (GB £500) a month.

The second organisation (firm B) also belongs to China's private industry. Its sole proprietor is a woman who started her Public Relations business almost 15 years ago. The company employs around 30 people (eight managers and 22 employees) in its Beijing office, whose main task is the organisation of promotional and political events. The agency has, for example, successfully executed tourism campaigns for clients such as Spain, Turkey and Austria in the PRC.

All managers and employees of firm B agreed to participate in the pilot survey. After discarding all invalid questionnaires, 16 questionnaires from employees and six from managers were approved for further processing. In this company, there were more male (67%, n=4) than female managers, but more female (56%, n=9) than male employees. One employee did not answer the questions regarding gender, age, education and monthly income. Of the employees, 88% (n=14) were between 20 and 39 years old, while the managers were between 30 and 49 years old.

Two employees (13%) had been with the company for more than six years, while the majority of employees (63%, n= 10) had been employed by the company for less than one year. The managers had been with the company for up to five years, with one third (n=2) of them having worked for the company for less than one year. The two longest serving employees earned an above average ¥8,000 (GB £800) a month. Similar to firm A, almost a third of employees earned less than ¥5,000 (GB £500) a month. Five out of the six managers earned less than ¥50,000 (GB £5,000) a month.

An overview of all personal data from both sample firms is presented in Appendix B1.

6.4 Results of the Pilot Study

The first purpose of the pilot study was to pre-test the research instruments for linguistic intelligibility, validity and methodological adequacy (Baker, 1994). Furthermore, the first sets of data regarding the personal value systems of executive managers in privately owned Chinese companies were generated. Similarly, data was obtained on which type(s) of corporate culture executive managers and employees identified as being strongly influential in their companies, i.e., on the level of similarity between the two organisations in terms of how their members evaluated their corporate culture. Finally, employees of both pilot study companies were questioned about the levels (1)

of the perceived congruency between their own and their firms' value systems, and (2) of their affective commitment.

Obviously, only a limited range of statistical calculations was available due to the relatively small sample size. Nevertheless, the results gave a valuable general indication of possible outcomes of the main study.

For illustrative purposes, the results for both firms A and B regarding preferences of managerial values are presented below. All other results regarding types of corporate culture systems, levels of P-O fit and affective commitment are included in Appendix B.

Personal Values Questionnaire

Firm A (12 Managers)

Rank	Item	6&7	SD
1	v_41 Employees	100.0%	0.5
2	v_42 Customers	100.0%	0.5
3	v_43 My Co-Workers	100.0%	0.5
4	v_46 Owners	100.0%	0.5
5	v_65 Trust	100.0%	0.5
6	v_37 Competition	91.7%	0.7
7	v_48 Stockholders	91.7%	0.7
8	v_49 Technical Empl.	91.7%	0.7
9	v_54 Autonomy	91.7%	0.7
10	v_66 Aggressiveness	91.7%	0.7
11	v_67 Loyalty	91.7%	0.7
12	v_70 Cooperation	91.7%	0.7
13	v_73 Honor	91.7%	0.7
14	v_30 Organiz. Stability	83.3%	1.3
15	v_39 Property	83.3%	1.0
16	v_50 White Coll. Emp.	81.8%	0.8
17	v_29 Empl. Welfare	75.0%	0.8
18	v_32 Organiz. Efficien.	75.0%	1.0
19	v_36 Caution	75.0%	0.9
20	v_40 Risk	75.0%	0.9
21	v_45 Managers	75.0%	0.8
22	v_55 Money	75.0%	1.0
23	v_57 Job Satisfaction	75.0%	0.8
24	v_63 Ability	75.0%	1.0
25	v_69 Skill	75.0%	1.0
26	v_72 Conformity	75.0%	0.8
27	v_60 Creativity	72.7%	0.9

Firm B (6 Managers)

Rank	Item	6&7	SD
1	v_27 High Productivity	100.0%	0.6
2	v_41 Employees	100.0%	0.6
3	v_42 Customers	100.0%	0.5
4	v_65 Trust	100.0%	0.5
5	v_67 Loyalty	100.0%	0.5
6	v_32 Organiz. Efficien.	83.3%	0.6
7	v_34 Organiz. Growth	83.3%	0.8
8	v_53 Achievement	83.3%	0.8
9	v_60 Creativity	83.3%	1.1
10	v_61 Success	83.3%	0.6
11	v_66 Aggressiveness	83.3%	1.2
12	v_70 Cooperation	83.3%	0.8
13	v_71 Tolerance	83.3%	0.8
14	v_72 Conformity	83.3%	0.8
15	v_73 Honor	83.3%	0.8
16	v_30 Organiz. Stability	66.7%	1.0
17	v_37 Competition	66.7%	1.0
18	v_38 Emotions	66.7%	0.9
19	v_43 My Co-Workers	66.7%	0.5
20	v_45 Managers	66.7%	0.8
21	v_48 Stockholders	66.7%	0.8
22	v_54 Autonomy	66.7%	0.5
23	v_57 Job Satisfaction	66.7%	1.0
24	v_69 Skill	66.7%	0.9
25	v_35 Authority	50.0%	1.1
26	v_40 Risk	50.0%	1.5
27	v_46 Owners	50.0%	0.8

28	v_27	High Productiv.	66.7%	0.9
29	v_28	Ind. Leadership	66.7%	0.7
30	v_31	Profit Maximiz.	66.7%	0.9
31	v_34	Organiz. Growth	66.7%	1.1
32	v_38	Emotions	66.7%	1.3
33	v_53	Achievement	66.7%	1.0
34	v_58	Security	66.7%	1.1
35	v_62	Ambition	66.7%	1.1
36	v_64	Obedience	66.7%	0.8
37	v_68	Compassion	66.7%	0.9
38	v_71	Tolerance	66.7%	1.0
39	v_44	Craftsmen	63.6%	0.9
40	v_47	Laborers	63.6%	0.9
41	v_61	Success	63.6%	1.1
42	v_35	Authority	58.3%	1.0
43	v_56	Individuality	58.3%	1.1
44	v_33	Social Welfare	41.7%	1.2
45	v_59	Power	41.7%	1.0
46	v_52	Dignity	33.3%	0.9
47	v_51	Leisure	25.0%	1.1

28	v_49	Technical Empl.	50.0%	0.8
29	v_55	Money	50.0%	0.8
30	v_58	Security	50.0%	0.8
31	v_59	Power	50.0%	1.0
32	v_63	Ability	50.0%	0.8
33	v_64	Obedience	50.0%	1.2
34	v_28	Ind. Leadership	33.3%	0.5
35	v_29	Empl. Welfare	33.3%	1.0
36	v_31	Profit Maximiz.	33.3%	0.8
37	v_33	Social Welfare	33.3%	1.0
38	v_39	Property	33.3%	0.8
39	v_44	Craftsmen	33.3%	0.8
40	v_47	Laborers	33.3%	0.8
41	v_50	White Coll. Empl.	33.3%	2.0
42	v_56	Individuality	33.3%	0.9
43	v_62	Ambition	33.3%	0.8
44	v_36	Caution	16.7%	0.8
45	v_51	Leisure	16.7%	1.0
46	v_52	Dignity	16.7%	0.8
47	v_68	Compassion	16.7%	1.4

Table 6.1 – Pilot Study, Personal Values Questionnaire (source: author)

The managers of firm A rated 26 out of 47 value categories as ‘very important’. A value concept was considered ‘very important’ when at least 75% of the managers rated this item with 6 or 7 on the seven-point Likert scale. The highest scores were given to Employees, Co-Workers and Trust (mean = 6.7), followed by Loyalty (mean = 6.6). All managers (100%) rated Employees, Customers, Co-Workers and Trust as ‘very important’. At the same time, basically no value was considered to be ‘of little importance’. The managers gave the lowest scores to Leisure (mean = 5.0), followed by Dignity (5.2) and Power (5.4). Overall, the standard deviation was between 0.5 and 2 with an average of 1, and the arithmetic mean of 43 out of 47 values varied between 5.8 and 6.7.

In regard to the evaluation of the most influential type(s) of corporate culture, it was decided to set, based on the seven-point Likert scale, an equal to, or higher than 5.0 mean mark to define a type of culture as being considered ‘strongly influential’. In firm A, both managers and employees evaluated all four types of culture with a mean value equal to, or higher than, the 5.0 mark. Consequently, the most influential type of culture in firm A consisted of a mix characterised in parts by all four OCAI culture types. The high grade of conformity in the answering pattern of both the executive team and the

employees gave reason to classify the organisational culture in firm A as strong. The standard deviation in both the manager and the employee samples was between 1.25 and 1.47.

The employees of firm A exhibited a tendency to report high levels of P-O fit. Item one (*“My personal values are generally compatible with the values of my organization”*) was seen very positively, with a mean value of 5.5. The second item (*“I find that sometimes I must compromise personal principles to conform to my organization’s expectations”*) was reverse-scored and came out with a mean value of 3.1, which led to a combined score of 4.3. These answering patterns indicate that employees seemed to perceive a high degree of compatibility between their own personal value systems and those of their employers, while at the same time they were aware that they needed to make compromises in their jobs. These scores could be interpreted as contradictory, since employees reported conformity and non-conformity with the value system of their firm at the same time. Considering that a high level of conformity in regard to the evaluation of the type of organisational culture was found between the executive team and the employees of firm A, the high level of perceived value congruency reported by the employees in item 1 of the Shared Values Scale could still be seen as giving support to the proposition in general. The seemingly contradictory answering pattern regarding item 2 did not confirm findings from other studies in a western context, but could be interpreted as a phenomenon that is specific to private Chinese companies, a hypothesis that had to be further investigated in the main study.

The Affective Commitment Scale consists of three positively and three negatively worded items; the last three (negatively worded) items are reverse-scored. The first three items (positively worded) obtained unanimous approval by the employees of firm A (mean = 5.9), while for the last three items (negative statements) the answers varied (reverse-scored mean: 5.1). The first three items received the highest scores (6 and 7) from 64 to 78% of the employees. By contrast, the negative items received scores from 1 to 6, and while 47 to 56% gave the lowest scores (1 and 2) to these items, 17 to 25% rated them neutral (4), and 17 to 32% rated them with 5 or 6. Overall, the results can still be interpreted as demonstrating high levels of commitment. In their majority, the employees of firm A perceived themselves to be in tune with the cultural values of their working environment, which might be the reason why they saw a strong positive relationship to their firm and therefore showed a high degree of commitment.

In firm B of the pilot study, a similar but less pronounced tendency became obvious: A positive skew of the PVQ results was observed, and no item was considered to be 'of little importance'. However, contrary to firm A, some managers of firm B gave lower scores to specific values. In total, 15 out of 47 value concepts were rated as 'very important' by at least 75% of the managers. The highest scores were given to Trust, Loyalty, Employees and High Productivity (mean = 6.7). All managers (100%) rated High Productivity, Employees, Customers, Trust and Loyalty as 'very important' (6 or 7 on the seven-point Likert scale). Similar to firm A, the lowest scores were given to Leisure and Compassion (mean = 4.7). The positive skew was reflected in the arithmetic mean of the seven-point scales, which varied between 5.0 and 6.4. The standard deviation was between 0.5 and 2, with an average of 0.9.

Regarding the results of the OCAI, it could be observed that in comparison to the results in firm A, managers and employees of firm B differed more in terms of their identification of their company's culture. While the managers characterised their firm's culture as being closer to Market and Adhocracy, the employees perceived it as a multi-type culture with characteristics of all four types. The mean values ranged between 5.0 and 5.6. Based on these results, conformity between the executive team and the employees of firm B regarding the evaluation of the organisational culture of their respective company was observed, but to a lesser degree than in firm A. Consequently, this result led to the conclusion that the cultural system in firm B was less strong.

At the same time, the analysis of the results of the Shared Values Scale showed an almost similar positive value for the employees of firm B, with a mean of 5.6 for item 1 of the Shared Values Scale compared to a mean of 5.5 for the same item of firm A. Again, a seemingly contradictory answering pattern regarding item 2 could be observed with a mean of 4.6 (to be reverse-scored), which led to a total P-O fit value of 4.5.

The strong perception of high levels of affective employee commitment in firm B supported the generally positive evaluation of the results above. Similar to firm A, the scores for the AC Scale were in the high positive range (mean = 5.1), with 44 to 56% of the employees giving the highest scores to the first three items. Consequently, the affective attachment of the employees of firm B to their company was found to be very strong. The complete tables of results can be found in Appendix B.

6.5 Conclusions from the Pilot Study

6.5.1 Pre-Test of the Research Questionnaires

The first objective of the pilot study was to test and validate the two newly developed questionnaires for the main study.

The pilot study demonstrated that the Chinese terms and phrases in the newly developed questionnaires were intelligible to all participants from both companies. It also became clear that the participants were able to complete the questionnaires in a reasonable amount of time, and to maintain their focus and concentration during the answering process. Consequently, it could be concluded that the translation team and the expert panel asked to evaluate the questionnaires in Chinese had fulfilled their task, and had achieved the required high level of professionalism. In this regard, the test could thus be considered successful.

The pilot study also showed that, on average, the sample groups rated the majority of items on the seven-point Likert scale in the higher positive dimensions. Fu and Deshpande (2012: 301) noted in one of their studies that a phenomenon they called “overclaiming” is sometimes apparent when working with Chinese sample groups: Some Chinese participants seem to be prone to tailor their responses so as not to cause their organisation to ‘lose face’. These observations tally with what Haslam (2004) and Hofman and Newman (2014) referred to as the social identity theory, which argues that individuals derive their identity and sense of self-worth from the membership in the social groups they belong to, i.e., that the higher the individual rates his or her environment, the better he or she feels about him- or herself. This phenomenon was carefully monitored in the main study.

6.5.2 Preliminary Data Collection

The number of participants of the pilot study allowed for the basic statistical calculations to be successfully executed, but did not permit to test for the more complex relationships between, for example, the personal value systems of the executive managers and particular types of corporate culture. Such calculations only became possible with the larger sample groups of the main study.

The pilot study enabled the researcher to establish a basic understanding of the current hierarchy of personal value preferences among Chinese executive managers in privately owned companies in the Beijing area of the PRC. These initial sets of data provided valuable information about which aspects executive Chinese managers consider to be relevant for their daily work life and their leadership responsibilities.

The pilot study also delivered information about the types of organisational culture that prevailed in this sample of private Chinese companies. As Cameron and Quinn (2011) pointed out in reference to their experiences with other samples, organisations often show not only characteristics of one dominant type of culture, but of multiple types. Similar observations were made concerning both pilot study firms: In both companies, the culture types were not clear-cut and easily distinguishable; instead, a tendency towards a mixture of culture types could be observed. In firm A, both managers and employees identified characteristics of all four of the OCAI culture types. In firm B, executives saw two types of culture as strongly influential, while the employees, like in firm A, perceived their firm's culture as consisting of characteristics of all four OCAI types. Consequently, the culture system of firm A was classified as being stronger than that of firm B.

It was further found that the employees of both companies considered themselves to be in balance with the corporate value systems of their respective companies. A strong positive P-O fit was established for both groups of employees for item 1, and a moderately positive P-O fit for both groups when considering items 1 and 2 together. Furthermore, results showed strong evidence for the presence of affective employee commitment behaviour in both companies.

6.5.3 Assessment of Research Methodology

As the literature review has shown, there is still a need for more – and also more diversified – information about privately owned Chinese companies. The pilot study took a first step to fill this gap by providing an initial understanding of the current personal value structures of executive Chinese managers in private companies, of how executives and employees evaluate the culture system in their firms, and of whether and how strongly their employees perceive value congruency with and affective

commitment to the organisation and its leadership team. The pilot study confirmed the relevance of the issues and relationships researched.

Independent from the positive evaluation of the pilot study as a whole, two peculiarities regarding the answering patterns of the Chinese sample groups became obvious and were carefully monitored in the main study: 1) the tendency to rate the majority of the questionnaire items in the higher positive dimensions, and 2) the unexpectedly positive rating of item 2 of the P-O fit scale. In order to better evaluate these findings, but also all other research targets, it was consequently decided to complement the main study with qualitative research.

Semi-structured interviews were considered to be the appropriate additional research tool for this task. While even the best-prepared questionnaires are restricted to a pre-defined framework of possible answers, semi-structured interviews leave room for explanation and some degree of variation. What is more, they are also a proven device for the counterchecking of quantitative research results, allowing for a triangulation of both sources of information.

6.6 Evaluation of the Pilot Study and Implications for the Main Study

It was found that the newly developed questionnaires in Chinese performed well with both executive managers and employees. The decision in favour of a consistent seven-point Likert scale appeared to be justified.

The preliminary results showed that Chinese managers indeed have certain value preferences as a group. Besides, both executive managers and employees were able to identify the main characteristics of the most influential types of corporate culture in their organisations. Results showed a tendency towards a mixture of two or four of the OCAI culture types, thereby confirming previous studies conducted by Cameron and Quinn (2011) and Deshpandé and Farley (2000: 23) with other Chinese samples.

The pilot study also demonstrated that the employees of both firm A and firm B considered their own value systems to be in line with the overall value universe of their respective companies, even though some participants indicated a need to compromise in

order to fit in. Furthermore, the employees of both companies reported a strong level of affective attachment to their respective organisations.

Another result, which is arguably connected to the fact that the pilot study was conducted in a Chinese environment, was the observation that participants evaluated all concepts quite positively indeed. As a consequence of these findings, the benefits of including an additional qualitative research part into the main study became obvious.

6.7 Development of the Formal Research Theory

In chapter five, a basic research model containing two operational questions and five propositions was developed. The purpose of these questions and propositions was to investigate the potential relationship between the personal value systems of executive managers, the type(s) of organisational culture in their organisations, and the degrees of person-organisation value congruency and affective commitment on the employee side.

The exploratory pilot study with two privately owned Chinese companies supported the chosen approach by demonstrating the validity of the newly developed research questionnaires in Chinese, by providing valuable preliminary data, and by delivering crucial clues for the fine-tuning of the research methodology.

Based on the evaluation of the pilot study, the decision was made to include complementary qualitative research in the main study.

The operational research tasks and the propositions of the basic research theory based on the literature synthesis were the following:

T1 & T2 – In order to be able to test for relationships between the value systems of executive managers/management teams, the type and strength of organisational culture in their organisations and employee value congruency and affective commitment, a hierarchy of personal values of the management sample both on the individual manager as well as on the management team levels needs to be established.

P1 – There is a relationship between the affiliation of an executive manager to the executive team in an organisation and his or her acceptance of the shared value system of this leadership team.

P2 – There is a relationship between the personal value systems of executive management teams and particular types of organisational culture systems.

P3 – The executive management team of a particular organisation can identify which type(s) of organisational culture is/are strongly influential in their organisation.

P4 – The employees of a particular organisation can identify which type(s) of organisational culture is/are strongly influential in their organisation.

P5 – There is a relationship between how similarly executive managers and employees characterise their organisation's culture system and the levels of employee-organisation value congruency and affective employee commitment.

The initial research question remained unchanged:

What are the personal value systems of the members of executive management teams in private companies in China, and how do they influence the moulding of organisational culture, the levels of employee value congruency and affective employee commitment?

The next step in the research process was to develop the propositions introduced in chapter five into a formal research theory (Roberts and Wallace, 2003; De Vaus, 2014) containing operational hypotheses for further quantitative testing and a formal research model. Additionally, as a result of the pilot study, a set of semi-structured interviews was conducted and the results of both research procedures were triangulated.

The two operational research tasks remained, but were restated as operational research questions:

(Q1) What is the hierarchy of the personal values of executive managers in privately owned Chinese companies?

(Q2) *What is the hierarchy of the personal values of executive management teams in privately owned Chinese companies?*

Hypothesis 1

Managerial values affect both the perception of appropriate ends and of the means to achieve those ends (Bruno and Lay, 2007: 679). This relationship becomes visible in, for example, general strategic decisions or in the preference of one specific system of corporate culture over another (Hambrick and Mason, 1984; Hambrick, 2007; Bradley et al., 2013). In the process of establishing a new company, the founder's or founding executives' personal value systems are of crucial importance (Schneider, 1987, 2008). However, when organisations grow, their value systems are altered as new experiences are incorporated (Gorenak and Ferjan, 2015). Executive managers, in particular, infuse their value systems into the culture of the organisations they are hired to lead. But does this finding, originally established by studies in mostly western contexts, hold true for private Chinese companies as well? The pilot study showed that the executive management teams of both company A and B shared a range of common values, but that the specific combination of values shared in firm A was different from the one shared in firm B, i.e., that each set of shared values was unique. Hence, it was hypothesised that:

H₀: The members of executive management teams in privately owned Chinese companies share a set of personal values, which in its combination of values is not unique for each firm.

H₁: The members of executive management teams in privately owned Chinese companies share a set of personal values, which in its combination of values is unique for each firm.

Hypothesis 2

Mitroff and Kilmann (1975, 1976) and Quinn (1984) argued that executive managers with certain personality preferences reinforce and share the values of certain types of organisations. Chin et al. (2013) suggested that executives' value preferences are the reason for the heterogeneous performances of different firms. Büschgens et al. (2013) endorsed this idea, and suggested that Quinn and Rohrbaugh's (1983) research approach

might serve as a yardstick for executive leaders by which to decide whether an existing culture does indeed fulfil expectations, or whether it needs to be changed. It is thus hypothesised that:

H₀: The personal values of the members of the executive management teams in privately owned Chinese companies are not related to particular types of organisational culture.

H₁: The personal values of the members of the executive management teams in privately owned Chinese companies are related to particular types of organisational culture.

Hypotheses 3 & 4

In general, researchers agree that it is difficult to assess the culture of an organisation objectively because shared assumptions and understandings about its characteristics are frequently situated on the subconscious level of an individual's psyche (Cameron and Freeman, 1991: 25). Nonetheless, Quinn and Rohrbaugh's (1983) proposal to define organisational culture via the four categories of Clan, Hierarchy, Adhocracy and Market has found strong approval in the literature (e.g. Ralston et al., 2006; Meyer et al., 2010; Gardner et al., 2012; Heritage et al., 2014; Engelen et al., 2014). The pilot study revealed that the executive managers as well as the employees of the sample companies identified the culture systems of their organisations as multi-layered, i.e., as consisting of more than one strongly influential type of culture. This confirmed the findings of previous studies (Cameron and Freeman, 1991; Deshpandé and Farley, 2000; Schneider et al., 2012). Hence, it was hypothesised that:

H₀: The executive management teams of privately owned Chinese companies characterise their firm's organisational culture as a system where one or no type of culture is strongly influential.

H₁: The executive management teams of privately owned Chinese companies characterise their firm's organisational culture as a system where more than one type of culture is strongly influential.

H₀: The employees of privately owned Chinese companies characterise their firms' organisational culture as a system where one or no type of culture is strongly influential.

H₁: The employees of privately owned Chinese companies characterise their firms' organisational culture as a system where more than one type of culture is strongly influential.

Hypothesis 5

Strong corporate cultures are crucial for improving a firm's performance because they create behavioural consistency (Chuang et al., 2012). The company provides its members with a system of values that "constitute the culture of this organisation, guide the organisation's members by providing goal congruency and by helping [...] to determine what is in the best interest of the collective" (Büschgens et al., 2013: 764). The literature confirms that executive managers in particular tend to share the value systems of their organisations, since they are ultimately promoted to higher organisational levels due to their excellent match with their respective company's culture (Van Vianen et al., 2011: 909). Schneider et al. (1995) proposed that organisational culture systems are shaped first and foremost by the shared characteristics of executive leadership teams. Employees, on the other hand, search for signs of the organisational value preferences of prospective employers through all communication channels available to them before deciding to join (Gardner et al., 2012). The better an organisation can define the characteristics of its culture system, the clearer it can communicate the associated corporate values, and the more efficiently candidates (both managers and employees) can decide on whether and how well they would fit into the organisation (Kristof-Brown et al., 2005; Hon and Leung, 2011). Once they have joined the new organisation, successful candidates undergo an identification and internalisation process that will result in a higher level of value congruency. If this process fails, the manager or employee is very likely to leave the organisation sooner or later. The degree to which executive managers and employees identify with the corporate value environment of their company defines the strength of its culture system, and thus the competitiveness of the whole organisation (Collins and Porras, 2002).

The literature on organisational culture and employee fit strongly supports the idea that employees perceive higher levels of fit with organisations representing cultural preferences that are consistent with their own personal values (Judge and Cable, 1997; Kristof-Brown and Jansen, 2007; Van Vianen et al., 2008). Meyer et al. (2010) spoke of an equilibrium between employees' needs and their preferences for a particular culture that satisfies these needs through its policies, practices and values. Employees were reported to be highly adept at judging the degree of match between an organisation's culture, its policies, practices and level of employee care on the one hand, and their own expectations on the other (Cooper-Hakim and Viswesvaran, 2005; Ostroff et al., 2005; Meyer et al., 2010). In the pilot study, the majority of participating employees identified positively with their organisations. The level of employees' satisfaction with their work environment is strongly related to the perceived strength of fit to their organisations (Schwepker, 2001; Mulki et al., 2008; Fu and Deshpande, 2012). The higher the level of value congruency between organisation and employees, the greater the benefits for the organisation (e.g. better job performance, higher creativity and lower inclination to leave), and the higher the level of commitment (Verquer et al., 2003; Kristof-Brown et al., 2005; Hon and Leung, 2011; Gardner et al., 2012).

Affective commitment (AC) is the most widely studied type of employee commitment (Meyer et al., 2010; Askew et al., 2013). The literature review has made abundantly clear why private companies in China have a particularly urgent need to boost the degree of commitment among their workforce (Gardner et al., 2012; Chin, 2014; Wang, Shi and Barnes, 2015). Given their direct influence on the culture system of their organisation, executive managers play a crucial role in commitment-stimulating processes (Huang et al., 2011; Miao et al., 2013; Chan and Mak, 2014).

The pilot study indicated a positive relationship between a high level of similarity between executive managers and employees in the evaluation of the culture system of their organisations, a strong organisational culture, a high degree of perceived value congruency between employees and their firms, and affective employee commitment. It was therefore hypothesised that:

H₀: The level of similarity between how executive managers and employees of privately owned Chinese companies characterise their organisations' culture are not

positively related to the levels of value congruency between the employees and their organisation and of affective employee commitment.

H₁: The level of similarity between how executive managers and employees of privately owned Chinese companies characterise their organisations' culture are positively related to the levels of value congruency between the employees and their organisation and of affective employee commitment.

6.8 Formal Research Model

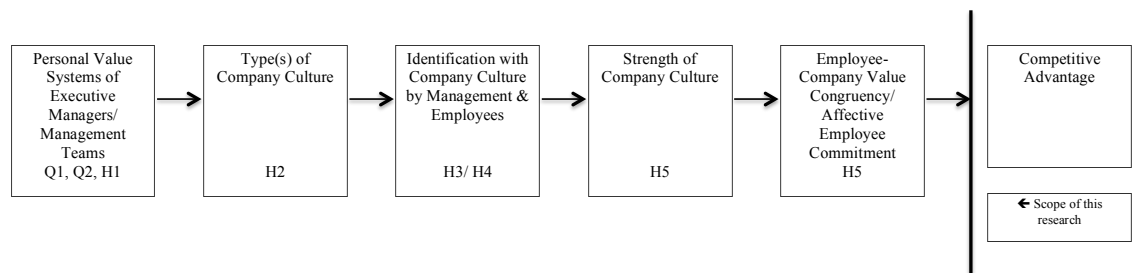


Figure 6.1 – Formal Research Model (source: author; Q1/Q2 – operational questions; H1–H5 – hypotheses)

6.9 Summary

The pilot study supported the overall research process for this thesis by demonstrating the validity of the newly developed research instruments, by yielding preliminary research results and by enabling the assessment and fine-tuning of the research methodology.

Its results suggested that Chinese executive managers share a wide range of value concepts with their colleagues, and that their decision-making processes and working relationships are grounded in common preferences. Both executive managers and employees in the sample displayed a similarly high ability to identify the characteristics of their firms' culture systems. Furthermore, it was found that the employees of both participating companies generally considered their own value systems to be fairly closely aligned with those of their organisations, and that they frequently characterised themselves as positively committed. Due to the small size of the pilot study sample, it was not possible to explore potential statistical relationships between the managerial value systems of the executive teams and the four types of corporate culture previously outlined. These calculations were to become an important part of the main study.

Finally, it was decided to add a qualitative element to the research in the form of semi-structured interviews. The following chapter will present the research results of the main study.

7 Results

7.1 Introduction

This chapter presents the findings of the main study. The first subchapter outlines the demographic data of the participating firms. In the remainder of the chapter, separate sections are dedicated to the results regarding a specific operational question/hypothesis. For each of the individual operational questions and hypotheses, the findings from the quantitative research part are presented in three recurring categories (A1 – procedural details on how the respective question/hypothesis was addressed; A2 – presentation of findings in regard to the respective hypothesis; A3 – table of outcomes), followed by a section on the findings of the qualitative analysis (B) and, where appropriate, a review of comparable studies. Each subchapter is concluded with a summary (D).

7.2 Demographic Data of the Participating Firms

All told, 18 privately owned Chinese companies with a total of 107 managers and 431 employees were included in this study. It is therefore comparable in size with well-respected existing studies in a similar context (e.g. Deshpandé and Farley, 2000; Deshpandé et al., 2004; Ralston et al., 2006b; Tsui et al., 2006b). The size of the participating companies varied between 15 managers and 40 employees and one manager and one employee. All companies belonged to the service industry, although to different fields of business, such as retail, public relations, headhunting or logistics. To date, the service industry in China has received only scant attention from researchers (He et al., 2011). Exceptions to this are studies by Hon and Leung (2011) and He et al. (2011), both with samples from the hospitality industry, Wu and Lin (2013) with samples from the travel industry, and Yang et al. (2014) with samples from the medical industry.

The majority of the participating managers were between 30 and 39 years old, whereas the majority of employees were ten years younger. The study achieved an almost equal split between male and female managers and employees (49/48% and 44/52%, respectively). The great majority of both managers (85%) and employees (75%) stated that they held a university degree, in most cases a BA. As outlined above, privately

owned Chinese companies face huge challenges in attracting and retaining staff. This study confirmed the validity of this statement. Over 45% of the employees had been with their current employer for less than one year, and a total of 78% claimed that they had been working at their present firm for less than three years. Among the management, 25.5% indicated that they had worked at their current company for less than one year. On the other hand, 23.5% of all managers had worked for their employer for between 6 and 10 years, and 11.8% for between 11 and 20 years. Only a very small minority of 4% of management checked the box for an employment period of 20–30 years and longer.

The majority of managers (63.7%) earned up to ¥50,000 (GB £5,000) per month, with top earners (2.9%) receiving a salary of over ¥100,000 (GB £10,000). In comparison, employees earned much less, with the great majority (73%) making between ¥2,000–8,000 (GB £200–800) per month. A little more than 10% of all employees were paid as well as some of the managers, and received a salary between ¥10,000–30,000 or more (GB £1,000–3,000).

A separate analysis of the figures for each company revealed a number of interesting phenomena: The managers of companies C, G and J were all of the same age, but differed in the number of years they had worked for the company; the executive managers in company N, on the other hand, had served their company for the same number of years and earned similar salaries; by contrast, a pyramid-shaped structure regarding company affiliation was found in company K, with managers having worked there for between one and 20 years.

On the employee side, it was interesting to note that only women were employed in companies H and Q. While all female employees were of a similar age in the first company, the female employees in firm Q all reported to have a university degree. Further pronounced differences between individual firms could also be detected regarding the salary structure of their employees. In companies G, I, N, O and P, between 24–37% of employees earned up to ¥30,000 (GB £3,000), while other firms, for example A, B D, E and H, reported not a single employee in this income bracket. Complete demographic tables can be found in Appendix C1.

7.3 Questionnaire and Interview Results

7.3.1 Operational Question 1

What is the hierarchy of the personal values of executive managers in privately owned Chinese companies?

A1 Procedural Details

To answer operational question 1, a univariate analysis of the 47 value concepts as evaluated by the management of the 18 companies was conducted, whereby all values $x=0$ were left out. The concepts were then arranged in descending order according to their mean scores, and in a second table according to the percentage of managers who rated the items with 6 or 7. The decision to combine scores 6 and 7 seemed justified because approval scores of 6 and 7 on a seven-point Likert scale with its relatively small differentiations between adjoining levels can both be considered as very high positive answers. Value concepts in that bracket were then grouped by importance in quartiles, i.e., 76–100% were classified as most important, 51–75% as important, 26–50% as less important, and 0–25% as of little importance.

A2 Evaluation of Findings

It was found that the Chinese executive managers of the sample did not consider any of the value concepts to be ‘of little importance’. Despite this, the quantitative analysis made it possible to establish a hierarchy of concepts.

Regarding the ‘most important’ personal values, Chinese executive managers chose the concepts Customers (87.1%, $M=6.38$), Trust (85%, $M=6.37$), Loyalty (82.2%, $M=6.31$), Competition (82.2%, $M=6.28$), Employees (81.2%, $M=6.25$) and Cooperation (79.2%, $M=6.28$). In total, 13 value concepts were considered to be ‘most important’. This top group further included Ability (78.2%, $M=6.2$), Aggressiveness (78.2%, $M=6.2$), Achievement (78.2%, $M=6.1$), Success (77.0%, $M=6.1$), Creativity (76.0%, $M=6.1$), Organizational Growth (75.5%, $M=6.1$) and Honor (75.5%, $M=6.1$).

A total of 25 concepts belonged to the second group of ‘important’ personal values, including, for example, Owners (74.8%, M=6.0), High Productivity (74.5%, M=6.1) and Industry Leadership (72.6%, M=6.0).

The third group of ‘less important’ personal values contained a total of nine concepts including, for example, Security (48.5%, M=5.3), Obedience (48%; M=5.4), Individuality (43.6%, M=5.1) and Power (36.6%, M=5.1), with Dignity (33%, M=5.0) and Leisure (27%, M=4.6) being evaluated as the least important of all 47 value concepts.

A3 Table of Outcomes

Rank	Item	6&7	Mean	SD	Rank	Item	6&7	Mean	SD
1	Customers	87.1%	6.38	0.8	25	Organiz. Stability	65.7%	5.77	1.2
2	Trust	85.0%	6.37	0.8	26	Money	63.0%	5.76	1.1
3	Competition	82.2%	6.31	0.8	27	Profit Maximization	62.4%	5.73	1.3
4	Loyalty	82.2%	6.28	1.0	28	Stockholders	62.0%	5.69	1.3
5	Employees	81.2%	6.28	0.9	29	Ambition	60.4%	5.68	1.2
6	Cooperation	79.2%	6.25	0.8	30	Property	57.4%	5.67	1.2
7	Achievement	78.2%	6.23	1.1	31	Authority	57.4%	5.62	1.2
8	Ability	78.2%	6.16	1.0	32	White Collar Empl.	56.6%	5.59	1.2
9	Aggressiveness	78.2%	6.15	1.0	33	Employee Welfare	54.9%	5.59	1.1
10	Success	77.0%	6.10	1.1	34	Caution	54.5%	5.55	1.4
11	Creativity	76.0%	6.10	1.1	35	Risk	54.5%	5.52	1.3
12	Organiz. Growth	75.5%	6.09	1.0	36	Social Welfare	51.5%	5.51	1.3
13	Honor	75.3%	6.08	0.9	37	Emotions	51.5%	5.50	1.4
14	Owners	74.8%	6.08	1.2	38	Tolerance	50.5%	5.40	1.3
15	High Productivity	74.5%	6.07	1.0	39	Security	48.5%	5.35	1.4
16	Conformity	74.3%	6.06	0.9	40	Obedience	48.0%	5.31	1.4
17	Organiz. Efficiency	73.5%	6.04	1.0	41	Laborers	47.5%	5.22	1.6
18	My Co-Workers	73.3%	6.03	1.0	42	Compassion	45.5%	5.15	1.5
19	Autonomy	73.3%	6.03	1.0	43	Craftsmen	44.0%	5.14	1.7
20	Job Satisfaction	73.3%	6.02	1.0	44	Individuality	43.6%	5.06	1.5
21	Technical Empl.	73.0%	6.00	1.1	45	Power	36.6%	4.98	1.3
22	Industry Leadership	72.6%	6.00	1.2	46	Dignity	33.0%	4.95	1.4
23	Skill	71.0%	5.99	1.0	47	Leisure	27.0%	4.60	1.5
24	Managers	66.3%	5.82	1.2					

Table 7.1 – PVQ Total (source: author)

B Qualitative Results

In the interviews, the personal values of the managers were directly investigated through the question “Which values are most important to you personally?”. The replies varied widely, from participants who appeared to have been unaware of their

value preferences up to that point, to respondents with a clearly defined understanding of their own personal value systems.

“Values... values in general, that’s quite a large topic.” (Firm A, M1–Q1)

“I value integrity, a sense of responsibility, friendliness, equality and cooperation the most in my social contacts and in the context of teamwork.” (Firm J, M2–Q1)

It could also be observed that when asked directly about their personal values, most managers named between one and five values as being most important to them. The majority of the values mentioned by the executives could be assigned to the PVQ groups Personal Characteristics and Personal Goals. Only one manager explicitly named a Business Goal, stating:

“My dream is that we become No. 1 in this industry.” (Firm K, M4–Q5)

While the individual value profiles were highly diversified, there were also similarities: Several executives, for example, mentioned Achievement, Success, Creativity, Trust, Loyalty, Teamwork and Cooperation as values that were very important to them, thus confirming the findings of the quantitative part of this study.

“Everybody needs to work hard together, because a single person alone is not strong enough.” (Firm K, M2–Q1)

“Also, if we work hard, we will reap the rewards for what we have accomplished, including money and a sense of achievement. We will live happy lives.” (Firm L, M2–Q4)

Confirming the assumptions regarding traditional Confucian values that have been discussed in the literature review, the Chinese executive managers frequently evaluated the concepts Honesty (诚实), Integrity (诚信), Harmony (融洽) and Friendliness (友善), which were not included in England’s PVQ, as very important.

“[...] clients and internal staff members have been treating each other like colleagues. They eat together, sing together and play together. [...] When these things are happening, they show the honesty of people’s communication with each other within this company. If employees lie to one another and deceive each other in order to achieve a so-called goal – first, the atmosphere won’t be harmonious; second, the company won’t be harmonious.” (Firm A, M2–Q2)

“When there are conflicts between our employees or between two departments, the first thing we want to pay attention to is the principle of fairness. After that we will look at the general situation. We want harmony; selflessness is very important to Chinese people. Only when you give will you receive something in return.” (Firm L, M2–Q4)

Similarly, several managers stated that values like Freedom (自由), Communication (沟通), Reliability (靠谱), Understanding (理解) and Curiosity (奇心), and indirectly also Balance and Motherland, were very relevant for them.

“When employees encounter problems or difficulties and they come to you, I think that’s already a success.” (Firm J, M2–Q6)

“I think everyone is capable of communication and understanding. Once we can communicate, we can come to an understanding [...].” (Firm A, M2–Q3)

C Comparable Studies

The findings of studies based on the original approach by George England, who distinguished between “successful”, “right” and “pleasant” value concepts – e.g. England and Lee (1974), Oliver (1999) and Danandjaja (1987) –, and of studies working with Likert scales – e.g. Posner (2009) or the present study – are not entirely comparable, because they determine the most important value concepts of their sample groups by applying different statistical concepts. Oliver (1999), summarising experiences in managerial values research in the USA based on early studies by England (1967b) and his own work from 1972 and 1995, labelled the most relevant value concepts in these studies ‘of high importance’ and ‘successful’. Both the American managers in the 1967b England study and in the 1995 Oliver survey considered Ability, High Productivity, Customers, Organizational Efficiency, Ambition and My Company as being the most important categories. While My Company was no longer included in the simplified version of the PVQ used for this research, both Ability and Customers were also identified as being of greatest importance by the sample groups of this study.

Danandjaja (1987) applied England’s original version of the PVQ to an Asian context, and reported that among the most important values of the “more successful and pragmatic” manager group in his study were Skill, My Subordinates, My Company, Caution and Organizational Efficiency. The values that were considered to be the most important by the “less successful and pragmatic” group of managers were Industry Leadership, Prestige and Employees (Danandjaja, 1987: 5).

In Posner’s (2010b: 460) summary of his research on managerial values over the course of three decades, the most relevant values of American managers in 2007 from the category Organizational Goals were Customers, Subordinates, Employees and Myself.

In regard to the first three value concepts, there is thus a noticeable similarity to the findings of the present study, where the average mean scores for these values were also comparably high with 6.0 and above.

D Summary

The evaluation showed that the executive managers of the Chinese POEs under investigation rated concepts that are related to human interaction particularly highly. On the one hand, they put special emphasis on their Customers and Employees, as the Groups of People they depend on and deal with most directly. On the other hand, they seemed to appreciate stable relationships, and therefore emphasised Trust, Cooperation, Honesty and Loyalty. Apart from these categories, the managers especially valued Achievement, Success and Creativity, all of which fall under the section Personal Characteristics of the PVQ. In general, the findings from the quantitative part of the survey were supported by the findings from the qualitative part, with the semi-structured interviews also revealing a number of values that seemed to be of major importance to executive managers of Chinese POEs, but that were not included in the current version of the PVQ.

7.3.2 Operational Question 2

What is the hierarchy of the personal values of executive management teams in privately owned Chinese companies?

A1 Procedural Details

In order to answer operational question 2, the rankings of the most important value concepts of each executive management team were analysed with the objective of finding potential patterns among the various firms in regard to how Chinese executive teams form their value systems. As operational question 2 focuses on team values, firm R with just a single manager was excluded from the analysis.

Similar to operational question 1, the ranking of value concepts was established on the basis of the highly positive approval scores of 6 and 7. All values $x=0$ were once again left out, and the grouping of value concepts followed the established quartile-based

approach, i.e., 76–100% were classified as ‘most important’, 51–75% as ‘important’, 26–50% as ‘less important’, and 0–25% as ‘of little importance’.

While the rankings presented in relation to operational question 1 helped to understand what value concepts the Chinese managers thought to be most important as a group, operational question 2 focused on the executive management team of each individual company.

A2 Evaluation of Findings

The first finding regarding operational question 2 was that the values of all executive teams followed an obvious gradation of relevance. Some values were clearly most important to the management teams, some were almost equally crucial, while others were noticeably less relevant. As the analysis based on the quartile system outlined above revealed, the value systems of the executive teams of nine firms were distributed over all four levels of relevance. The value systems of the remaining eight firms covered only three levels.

It was further found that no two executive teams shared an identical value relevance structure. In firms E and L, for example, the composition of the most important values showed a tendency towards a strong business focus, with values such as Achievement, Competition, Risk, Ability, Cooperation and Aggressiveness being preferred. A similar business-related focus, but clearly with a different angle, was evident in the value systems of the 15 executive managers of firm F, where values such as Industry Leadership, Organizational Growth, High Productivity, Profit Maximization and Organizational Efficiency were seen as crucial.

The value structure of the executive teams in firms where the focus was more on Groups of People was quite different. In firms A and H, for example, the most important team values consisted of concepts such as Managers, Owners, Stockholders, Employees, Technical Employees, Customers and My Co-Workers.

In firm J, the three-member executive team saw Employee Welfare, Organizational Stability, Organizational Growth, Employees, Customers and Security as being the most relevant.

The most important values of the executive team of firm N seemed to reveal a high degree of strategic momentum, with a focus on Technical Employees, Competition, Autonomy, Creativity, Skill and Honor. This finding was comparable to the results for firm B, where a focus on Employees, Customers, High Productivity, Trust and Loyalty was observed.

In Firm D, the analysis revealed that the eight-member executive team agreed on only two concepts (Job Satisfaction and Conformity) as being of the highest importance, while another eight values (e.g. Organizational Growth, Employees, My Co-Workers) achieved a score of 75%.

Finally, the survey highlighted another group of firms, in which the most important values of the executive teams included a broad spectrum of concepts with no immediately observable focus. Firms G, K, O and P belonged to this group.

The results also showed some similarities across firms regarding the preferences of executive teams (1) for business related value concepts such as Customers, Employees and Competition, and (2) for concepts with a sociocultural association to Confucian values, e.g. Loyalty, Trust and Cooperation.

Focusing on executive teams in general, operational question 2 confirmed the findings in regard to the value preferences of individual managers that resulted from operational question 1. While significant differences were found between the results for the management teams of the various firms, it was nonetheless observed that some important value concepts were mentioned more often than others.

Overall, the analysis showed that the concept Customers was named most often as a most important value, chosen in total by 12 executive teams. Almost equally often (10 to 11 times), executive teams cited Employees, Trust, Loyalty, Competition, Ability and Cooperation. 17 values were seen as most important by five to nine executive teams, and another 16 values by at least one team. At the other end of the continuum, values like Individuality, Dignity, Power, Obedience and Leisure were completely absent from the list of most important values. When analysed according to the value groups of the PVQ, four of the seven most important concepts belonged to the category Personal

Characteristics, while four of the seven not considered concepts belonged to the category Personal Goals.

A3 Table of Outcomes

Most Important Team Values	No. of Teams	Most Important Team Values	No. of Teams
Customers	12	Organizational Stability	4
Employees	11	Managers	4
Trust	11	Employee Welfare	3
Loyalty	11	Money	3
Competition	10	Stockholders	3
Ability	10	White Collar Employees	3
Cooperation	10	Authority	2
Achievement	9	Property	2
Aggressiveness	9	Risk	2
Organizational Growth	8	Social Welfare	2
Success	8	Emotions	2
Creativity	8	Tolerance	1
Honor	8	Security	1
High Productivity	7	Caution	1
Organizational Efficiency	7	Craftsmen	1
Owners	7	Ambition	1
Autonomy	7	Compassion	0
Conformity	7	Laborers	0
Industry Leadership	6	Leisure	0
Profit Maximization	6	Obedience	0
My Co-Workers	6	Power	0
Technical Employees	6	Dignity	0
Skill	6	Individuality	0
Job Satisfaction	5		

Table 7.2 – PVQ – Most Important Team Values (source: author)

B Qualitative Results

The material from the semi-structured interviews fulfilled a crucial supplementary function: For example, the managers of firm A emphasised values belonging to the category Groups of People in the questionnaire, and consequently stated in the interviews that Honesty and Security were very important to them. The executive team of Firm J, on the other hand, focused on Stability and Employees in the questionnaires, and explained in the interviews that Cooperation and Equality were the concepts which

they valued particularly highly in order to achieve a stable employee-organisation relationship.

In accordance with the quantitative part of the research, the semi-structured interviews also showed that each management team was characterised by a unique set of personal values. The managers of firm A, for example, emphasised values like Honesty and Security, while the managers of firm O preferred Innovation and Achievement.

“I always stress giving everyone a sense of security.” (Firm A, M1–Q1)

“We face issues with our shareholders all the time, including some organisational problems. So all of my replies have to make sense, and they have to be absolutely clear – legally, financially, and in terms of the development of the company. This is why I think that honesty and sincerity are very important.” (Firm A, M2–Q1)

“[...] we want to do something no one has ever done before – or innovation, or curiosity about the future, we always share this trial-and-error approach. It’s a very important value.” (Firm O, M1–Q1)

“I guess freedom. Free development as an individual, justice, and tolerance. Indulgence is most important to me. Because our company is essentially full of curiosity, our nature is to be curious and curiosity makes our company change.” (Firm O, M2–Q1)

While Honesty was chosen by the majority of participating managers, the general value orientation of the management teams of three out of the five interviewed companies leaned more towards Success and Achievement. However, even though a number of almost universally preferred value orientations could be found, some highly specific orientations characterised by additional strong values were observed as well. While the managers of firm O, for example, commonly valued Achievement and Innovation, the managers of firm L focused more on the hard-working and success-oriented aspect of Achievement, and the managers of firm K shared an emphasis on Success and Development. In contrast, the managers of firm J valued concepts related to Cooperation and Equality.

“I always tell others, and also myself, that you need to have two very important personal characteristics: one is honesty and the other is diligence. I think these two are the two most important values for individuals.” (Firm L, M1–Q1)

“When we’re young we might work for money or other things. But later we will want to achieve something, and our goals will change. Things like a higher position, a sense of achievement, improving the overall performance of the team or proving oneself will become very important.” (Firm L, M2–Q1)

Overall, the semi-structured interviews provided additional insights into the value focus of the executive management teams of several of the sample companies, e.g. firms K

and O. The results of the questionnaires could thus be confirmed and supplemented as required.

D Summary

The analysis of the quantitative and qualitative parts of the research related to operational question 2 demonstrated that the executive management teams of the privately owned companies of this sample did not consider all of the 47 value concepts included in the questionnaire to be of equal importance. Instead, the results revealed a variable structure of relevance.

Both the questionnaires and the interviews made clear that the value systems of the management teams were generally characterised by a certain level of uniqueness, i.e., that the value systems of the executive teams showed specific combinations and hierarchies of value concepts.

7.3.3 Hypothesis 1

H₀: The members of executive management teams in privately owned Chinese companies share a set of personal values, which in its combination of values is not unique for each firm.

H₁: The members of executive management teams in privately owned Chinese companies share a set of personal values, which in its combination of values is unique for each firm.

A1 Procedural Details

Shared values were defined as all those concepts which are considered to be ‘most important’ (6 or 7 on the seven-point Likert scale) by more than 75% of the managers of the same firm. Since these concepts are most highly valued by the majority of the leadership team, they are also the most relevant for the decision-making process.

The results were obtained on the basis of the same ranking used in the context of operational question 2 (firm R with only one manager was again excluded).

It was further decided that companies would be grouped according to the number of shared values: Firms with 19–47 shared values (41–100%) were defined as having a ‘highly shared’ value system, firms with 10–18 shared values (21–40%) a ‘strongly shared’ value system, firms with 6–9 shared values (11–20%) a ‘shared’ value system, and companies with 0–5 shared values (0–10%) were labelled ‘little or non-shared’.

A2 Evaluation of Findings

The first finding of the analysis was that, based on the definition outlined above, *all* executive teams of the Chinese private companies in this sample shared a common set of values. Second, it was found that the firms in the sample could be assigned to four groups: firms with ‘highly shared’ value systems (five), firms with ‘strongly shared’ value systems (six), firms with ‘shared’ value systems (five) and firms with ‘little or non-shared’ value systems (one).

The management teams in firms F, G and O, for example, each shared 23 values; The executive teams of companies J and L, on the other hand, shared only six. This is not to say, however, that the managers in these firms considered the remaining 41 value concepts to be unimportant. For firm J, for example, results showed that 37 out of the 47 values received a mean of 5.0 or above, which means that all these concepts evoked strongly positive responses on the seven-point Likert scale. For firm L, 29 values received a mean of 5.0 or above.

A third result was that the leadership teams of more than two thirds of all firms shared several value concepts to 100%, i.e., they agreed completely on what values they considered to be most important. In firm G, for example, the two executives shared 23 value concepts to 100%. In firm P, the four executives shared 22 value concepts to 100%; in firm I, the three executives shared 16 value concepts to 100%; in firm O, the eight executives shared 12 values to 100%.

The fourth and final finding was that each set of shared values in its specific combination was unique in comparison to all the other sample firms. Although the analysis showed some overlapping in relation to certain individual values, no two sets of shared values were found to be identical in their entirety.

A3 Table of Outcomes

Company	Values 100%	Values > 75%/< 100%	SV – Total	Selected Top Values
Firm A	5	11	16	Employees Customers My Co-Workers
Firm B	5	10	15	High Productivity Employees Customers
Firm C	12	0	12	High Productivity Profit Maximization Organizational Efficiency
Firm D	0	2	2	Job Satisfaction Conformity
Firm E	0	12	12	Competition Risk Employees
Firm F	0	23	23	Industry Leadership Organizational Growth Customers
Firm G	23	0	23	Industry Leadership Employee Welfare Profit Maximization
Firm H	7	0	7	Managers Owners Stockholders
Firm I	16	0	16	Industrial Leadership Organizational Stability Organizational Efficiency
Firm J	6	0	6	Employee Welfare Organizational Stability Organizational Growth
Firm K	2	18	20	Organizational Efficiency Achievement
Firm L	0	6	6	Achievement Trust Competition
Firm M	9	0	9	High Productivity Industry Leadership Profit Maximization
Firm N	7	0	7	Organizational Growth Competition Technical Employees
Firm O	12	11	23	Organizational Growth Competition Emotions
Firm P	22	0	22	High Productivity Employee Welfare Organizational Stability
Firm Q	12	0	12	Employees My Co-Workers Technical Employees

Table 7.3 – PVQ – Shared Values (source: author)

B Qualitative Results

The evaluation of the interviews showed a similar picture, i.e., that the managers within each company shared certain values, but that there was considerable variation in regard to the specific combination of values that were shared across companies. The two interviewed managers from firm A, for example, only shared Honesty as most important value. The managers in firm L all named Success. Both managers of firm O valued Freedom and Curiosity, and the managers of firm J and K unanimously mentioned three shared value concepts: Fairness/Equality, Honesty/Integrity and Teamwork in the case of firm J, and Success, Loyalty and Teamwork in the case of firm K.

“As far as I’m concerned, a person should first of all be of certain value to society. In society, you... your own value will give you a sense of accomplishment at work and in life; at the same time, we should bring happiness to others, help others succeed, and in doing so we will succeed ourselves.” (Firm K, M2–Q1)

“First of all, my personal values are that I am very loyal. I am not half-hearted, I am working for the company with all my heart, and I have really taken root here.” (Firm K, M3–Q2)

“Of my personal values, the first one is forgiveness. Forgiveness is most important for me. The next one is gratitude. We should feel grateful in our hearts for everything others do for us. Another one is loyalty.” (Firm K, M4–Q1)

D Summary

Both the evaluations of the questionnaire and the interview results regarding hypothesis 1 showed that the personal value systems of the executive managers in all the privately owned Chinese companies participating in this study contained shared values. It has been argued that a “shared mindset permits managers to approach exchange relationships secure in the belief that their partners share the same goals and norms” (Chuang et al., 2012: 271), i.e., that it makes the process of executive leadership more efficient, which in turn potentially contributes to improved economic performance. The shared value systems of the executive teams in the participating companies differed, however, in relation to the number of values they included and in their levels of similarity when compared to others. Whereas the analysis determined that the executive teams of all firms in the sample shared sets of values between them, the exact combination of those values was unique to each sample firm. This finding supported hypothesis H_1 , and hypothesis H_0 could consequently be rejected.

7.3.4 Hypothesis 2

H₀: The personal values of the members of the executive management teams in privately owned Chinese companies are not related to particular types of organisational culture.

H₁: The personal values of the members of the executive management teams in privately owned Chinese companies are related to particular types of organisational culture.

A1 Procedural Details

To evaluate hypothesis 2, following a deductive approach, correlations on different levels were executed. As mentioned earlier, a factor analysis was conducted for the PVQ values in order to reduce the 47 individual concepts to groups of factors, and thus to facilitate the comparison between the OCAI and the PVQ. It was decided to conduct the factor analysis with a pre-set of seven factors, as the resulting distribution seemed to provide the best fit, and explained 64.04% of the variety (see Appendix C4). The internal consistency of the factors was tested using Cronbach's alpha coefficients (CA). The following seven factors were thus received: factor 1 (comprising of 13 values, labelled: stable, CA: 0.93), factor 2 (comprising of 9 values, labelled: ambitious, CA: 0.87), factor 3 (comprising of 8 values, labelled: innovative, CA: 0.86), factor 4 (comprising of 5 values, labelled: successful, CA: 0.78), factor 5 (comprising of 4 values, labelled: strategic, CA: 0.78), factor 6 (comprising of 4 values, labelled: tolerant, CA: 0.68), and factor 7 (comprising of 4 values, labelled: practical, CA: 0.87). The four culture types of the manager OCAI were also tested for internal consistency, and received the following Cronbach alpha values: Market=0.84, Hierarchy=0.88, Clan=0.86, and Adhocracy=0.91. In comparable studies, Cronbach alpha coefficients higher than 0.6 were "considered adequate to conclude internal consistency" (Ralston et al., 2006b: 837; see also Fu and Yukl, 2000: 259). As the values of the PVQ factors and of the OCAI types met this requirement, the internal consistency of the factors and scales could be confirmed.

In a first step, the seven factors of the PVQ were correlated with the four culture types of the OCAI. Second, the 47 individual value concepts of the PVQ were correlated with the four culture types of the OCAI. Third, the 47 individual value concepts of the PVQ

were correlated with the 24 items representing the characteristics of the four culture types of the OCAI. Additionally, a linear regression was calculated to test for the influence of the seven PVQ factors on each of the respective types of culture of the OCAI. The results of all these steps can be found in Appendices C5 and C6.

A final step of analysis adding the three variables of ‘Age’, ‘Time at the current Firm’, and ‘Time at the current Position’ into the regression calculation yielded no further relevant results.

A2 Evaluation of Findings

Starting with the results of the first level of analysis, the correlation between the seven factors of the PVQ and the four culture types of the OCAI, it was found that the PVQ factors (representing value concepts) related to the four culture types to quite different degrees.

Culture Type	Factor 1 Stable	Factor 2 Ambitious	Factor 3 Innovative	Factor 4 Successful	Factor 5 Strategic	Factor 6 Tolerant	Factor 7 Practical
Market	0.4689*	0.3455*	0.3885*	0.3862*	0.4451*	0.2062*	0.3895*
Hierarchy	0.5044*	0.3653*	0.4523*	0.2808*	0.4320*	0.2742*	0.4480*
Clan	0.4523*	0.3019*	0.4450*	0.2609*	0.3943*	0.1764	0.3833*
Adhocracy	0.3676*	0.3130*	0.4448*	0.3284*	0.4708*	0.1848	0.3744*

* $p < 0.05$

Table 7.4 – Correlations PVQ – OCAI (seven factors, four culture types) (source: author)

The PVQ factors 1, 2, 3, 6 and 7 showed the strongest correlation with Hierarchy culture. Factor 4 correlated the closest with Market culture, and factor 5 with Adhocracy culture.

In detail, factor 1 correlated to 50.44% with Hierarchy culture, factor 2 to 36.53%, factor 3 to 45.23%, factor 6 to 27.42%, and factor 7 to 44.80%. Factor 4 correlated to 38.62% with Market culture, and factor 5 to 47.08% with Adhocracy culture.

Another noteworthy finding was that some PVQ factors correlated significantly with more than one type of organisational culture, confirming the result that all OCAI types of culture are interrelated to a certain degree. Factor 1, for example, was also strongly

related to Market culture (46.89%) and Clan culture (45.23%). Factor 3 significantly correlated with Clan culture (44.50%) and Adhocracy culture (44.48%) as well, while factor 5 showed similarly strong correlations with Market culture (44.51%) and Hierarchy culture (43.4%).

On the second level of analysis, the question was which types of culture showed the strongest correlations with which specific value concepts.

Market culture was found to be most strongly correlated to the value concepts of Profit Maximization (48.75%), Social Welfare (45.12%), Emotions (44.61%), Industry Leadership (43.08%) and My Co-Workers (42.15%). Hierarchy culture was most strongly correlated to the value concepts of Social Welfare (55.27%), High Productivity (46.74%), Laborers (46.70%), White Collar Employees (45.99%) and Organizational Stability (45.70%). Clan culture was most strongly correlated to the value concepts of My Co-Workers (51.95%), Organizational Growth (49.34%), Social Welfare (48.12%), Emotions (46.11%) and Employee Welfare (44.98%). And finally, Adhocracy was found to be most strongly correlated to the value concepts of Organizational Growth (47.54%), Emotions (45.66%), Profit Maximization (43.05%) and Industry Leadership (40.55%). It was also observed that the two value concepts of Social Welfare and Emotions were among the top-four value concepts, and correlated to three out of four culture types – this is arguably the result of the PRC’s specific sociocultural environment.

On the third level of analysis, each of the six specific characteristics of the four culture types was correlated with the 47 value concepts. As far as Market culture is concerned, the character statement *“The organization is very results-oriented. A major concern is with getting the job done. People are very competitive and achievement-oriented”* correlated, for example, most strongly with the value concepts of Social Welfare, Individuality and Power, but correlated only weakly with, for example, High Productivity and Stockholders. The character statement *“The leadership in the organization is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus”* correlated most strongly with the value concepts of High Productivity, Autonomy and Profit Maximization. A third character statement, *“The organization emphasizes competitive actions and achievement. Hitting stretch targets and winning in*

the marketplace are dominant”, correlated most strongly with the value concepts of My Co-Workers, High Productivity, Achievement and Autonomy.

Regarding Hierarchy culture, the character statement *“The organization is a very controlled and structured place. Formal procedures generally govern what people do”* correlated most strongly with, for example, the value concepts of Social Welfare, Competition, Organizational Growth and Industry Leadership. The character statement *“The glue that holds the organization together is formal rules and policies. Maintaining a smooth running organization is important”* showed the strongest correlations with the value concepts of Social Welfare, High Productivity, Industry Leadership and Technical Employees, while Compassion, for example, played a less significant role.

In reference to the third type of culture, Clan, the character statement *“The organization is a very personal place. It is like an extended family. People seem to share a lot of themselves”*, was, for example, most strongly correlated with the value concepts of Employees, Social Welfare, Laborers and Emotions. The character statement *“The organization defines success on the basis of the development of human resources, teamwork, employee commitment, and concern for people”* showed the strongest correlation with the value concepts of Organizational Growth, High Productivity, Emotions, My Co-Workers and Stockholders.

Finally, in the context of Adhocracy culture, the character statement *“The leadership in the organization is generally considered to exemplify entrepreneurship, innovation, or risk taking”* was, for example, most positively correlated with the value concepts of Social Welfare, Competition, Organizational Growth and Technical Employees. The character statement *“The organization emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued”*, on the other hand, was very strongly correlated with the value concepts of Authority, Organizational Growth, Managers, Employee Welfare and Compassion. Comparably, the statement *“The organization defines success on the basis of having the most unique or newest products. It is a product leader and innovator”* most positively correlated with the value concepts of Organizational Growth, Employee Welfare, Industry Leadership and Managers.

The correlation analyses described above helped to determine whether there was evidence in support of the hypothesis that the Chinese executive managers of privately owned companies in this sample, by demonstrating a preference for specific value concepts, also demonstrated a preference for one or more than one of the culture types of the OCAI.

The following linear regression analysis enabled this research to extend the analysis to a multivariate level, where the culture types of the OCAI were treated as dependent variables, and the seven factors of the PVQ analysis as independent variables, respectively.

Starting with PVQ factor 1 and Market culture, the analysis for each culture type consisted of seven steps, in which additional factors were added to the calculation one by one. Each single calculation was referred to as a model, e.g. PVQ factor 1 regressed with Market culture became 'Model 1', PVQ factors 1 and 2 regressed with Market culture became 'Model 2', and so forth. The summary of results presented below is always based on the final step of the analysis (all four culture types regressed with all seven factors), a step that will subsequently be referred to as 'Model 7'.

Results of the Regression Analysis – Market Culture:

Market culture/Model 7 made clear that PVQ factor 3 ('innovative') played the most important role. The regression coefficient of factor 3 was 0.277 with a significance value of 0.059. Only factor 1 ('stable') with a regression coefficient of 0.25 and a significance of 0.082 came relatively close. The regression explained over 30% (R^2 0.3242) of the total variance. Factor 6 ('tolerant') with a regression coefficient of -0.1055 was the only factor showing a linear negative relationship to Market culture.

Results of the Regression Analysis – Hierarchy Culture:

Hierarchy culture/Model 7 showed a quite similar picture. PVQ factor 3 was found to exert the strongest influence on Hierarchy culture. Factor 3 had a regression coefficient of 0.4274 with a significance of 0.007. Factor 1 was, as in the case of Market culture, the variable with the second strongest influence, reaching a regression coefficient of 0.354 with a significance of 0.02. R^2 showed a value of 0.3859, explaining almost 40%

of the variance. The analysis also showed that factors 4 ('successful') and 6 were negatively related to Hierarchy culture.

Results of the Regression Analysis – Clan Culture:

Clan culture/Model 7 confirmed the overall tendency of the results of regression analysis. With a regression coefficient of 0.4992, PVQ factor 3 showed the strongest influence on Clan culture. The significance of the coefficient was 0.003. Again, factor 1 had the second strongest influence on this culture type with a regression coefficient of 0.3551 and a significance of this coefficient of 0.028. R^2 explained over 33% of the variance. In total, three out of the seven PVQ factors in this regression showed a negative relationship, with numeric values of -0.2088 (factor 6), -0.0872 (factor 2, 'ambitious') and -0.0637 (factor 4).

Results of the Regression Analysis – Adhocracy Culture:

In regard to Adhocracy culture, the regression coefficient for factor 3 was 0.5002 with a significance of 0.005, again showing the strongest influence. In variance with the results of the regression analysis for the other three types of culture, this time factor 5 ('strategic') showed the second strongest influence with a regression coefficient of 0.33087 and a significance of 0.033. Factor 1 came in third, but with a much weaker relationship, namely a regression coefficient of 0.0672 and a significance of only 0.692. Once again, R^2 explained over 33% of the variance. Both factors 2 and 6 showed negative linear relationships with Adhocracy culture.

A3 Table of Outcomes

	Market Culture Model 7	Hierarchy Culture Model 7	Clan Culture Model 7	Adhocracy Culture Model 7
Explained Variance	30%	40%	33%	33%
R^2	0.3242	0.3859	0.3305	0.338
Most Important Factor	Factor 3 (innovative)	Factor 3 (innovative)	Factor 3 (innovative)	Factor 3 (innovative)
Regression Coefficient	0.277	0.4274	0.4992	0.5002
Significance	0.059	0.007	0.003	0.005

2 nd Important Factor	Factor 1 (stable)	Factor 1 (stable)	Factor 1 (stable)	Factor 5 (strategic)
Regression Coefficient	0.25	0.354	0.3551	0.33087
Significance	0.082	0.02	0.028	0.033
Negatively Related Factor(s)	Factor 6 (tolerance)	F4 (successful) F6 (tolerance)	F2 (ambitious) F4 (successful) F6 (tolerance)	F2 (ambitious) F6 (tolerance)

Table 7.5 – Results of the Regression Analysis PVQ – OCAI (source: author)

B Qualitative Results

The analysis of the interviews in regard to hypothesis 2 made clear that all managers saw at least some conformity between their own values and those of their companies as reflected in the system of organisational culture. Some of the executives stated right away that their own personal values were reflected in those of their companies to a very high degree, and explained that they also tried to actively convey these personal values to the employees:

“I think my personal values and my team’s values align quite closely at the moment.” (Firm O, M1–Q1)

“I think 90% of my personal values coincide with our corporate values.” (Firm O, M1–Q2)

“[...] the values of a boss and the values of his company are identical to a great degree. This is the only way for him to be the soul of company.” (Firm K, M4–Q2)

“My own values are reflected in the values of the company to quite a large extent. There are many subtle influences. Basically, all my values are reflected somehow... From an individual angle and on the level of individual influence, including the subtle influence that the team exerts on everyone, I think that I manage to pass on my values to the employees very well. But on a more general level, we’re still lacking an active portrayal of values. Their influence has yet to become visible in the overall system.” (Firm L, M1–Q2)

D Summary

In the quantitative part of the analyses regarding hypothesis 2 – i.e., in correlation steps 1 and 2 as well as in the regression analysis – a certain consistency of results could be detected. Each of the four culture types seemed indeed to be correlated to specific value concepts, either on the level of the individual concepts, or on the level of groups of values belonging to one of the seven value factors. Clan culture, for example, was most

strongly correlated to the PVQ factors 1 and 3 in the correlation analysis, and to 3 and 1 in the regression analysis. Correspondingly, on the level of individual value concepts (correlation step two), four out of the top five most influential values belonged to either factor 1 or 3.

A quite similar result could be observed regarding Adhocracy culture. Here, the factors 5 and 3 were the most important ones in the correlation analysis, and 3 and 5 in the regression analysis. Three out of the top four individual values correlating with this culture type belonged to either of these two factors.

In the contexts of Hierarchy and Market culture, the relationships were found to be less obvious.

All told, there was sufficient reason to conclude that Chinese executive managers with a preference for specific personal values also show a preference for a specific type of culture. This connection became visible in the clear correlation between, for example Loyalty and Clan culture, or between Creativity and Adhocracy culture.

Since value concepts clearly correlated with more than one culture type, a direct and exclusive relation between one particular value concept and one particular culture type could not be established. Consequently, it seemed appropriate to interpret the findings of the quantitative part of the analyses as indicative of a *tendency* towards a relationship between a specific set of most important personal values and a preference for a certain type of organisational culture.

The results of the qualitative part of the analysis related to hypothesis 2 showed that the Chinese executives represented in this sample were aware of the fact that their personal values strongly influenced the set-up of corporate value systems in their firms. Obviously, leaders were not satisfied with the current level of implementation of the desired value system in each and every company. There was, however, some evidence for a mounting awareness of the relevance of the process.

Similar to the quantitative part of the analysis, the responses of the majority of interviewees seemed to confirm a relationship between specific personal values and the preference of a specific type of organisational culture. Interviewees described this

relationship as a predominantly subconscious attraction to a certain cultural system, rather than as the result of an actively pursued process.

The majority of executives stated that their own personal values had to be reflected in the overall value system of their firms, with one executive even expressing the sentiment that his values needed to be at the very core of the culture of his firm, or else he would not be able to fulfil his role as “the soul of the organisation”. While none of the interviewed executive managers made this relationship explicit straight away, a tendency towards a relationship between value preferences and types of culture eventually became observable.

Overall, the identified tendencies in both the correlation and regression analyses as well as in the qualitative part of the analysis supported hypothesis H_1 . It was therefore accepted, whereas hypothesis H_0 could be discarded.

7.3.5 Hypothesis 3

H_0 : The executive management teams of privately owned Chinese companies characterise their firm’s organisational culture as a system where one or no type of culture is strongly influential.

H_1 : The executive management teams of privately owned Chinese companies characterise their firm’s organisational culture as a system where more than one type of culture is strongly influential.

A1 Procedural Details

To test for hypothesis 3, the characteristics of each culture type in all 18 sample firms needed to be identified. Following the evaluation instructions of Cameron and Quinn (2011), a univariate analysis of means for each item of the OCAI was performed, and a standardised mean value for each culture type was calculated for every company using the means of the six items these types consist of. The results can be found in Appendix C8.

As in the pilot study, the participants placed all 24 cultural characteristics relatively high towards the positive dimensions of the Likert scale. The mean values confirmed

this tendency. It was therefore decided to follow the pilot study's approach and to consider a mean value of similar to or above 5.00 for each culture type as indicative of a strong influence of this culture type. All mean values below 5.00 were classified as indicators of a weaker influence.

A2 Evaluation of Findings

In exactly half of the cases, namely in nine of the participating firms, the executive teams identified all four culture types as being strongly influential. These companies were called 'C-type' firms. On the other hand, four organisations with no strongly influential culture type were also identified, and classified as 'D-type' firms. Overall, the mean differences between the four OCAI culture types were not very pronounced. This was to be expected given the previous observation that the executive managers generally tended to evaluate all of the 24 characteristics in the higher positive dimensions.

Company	Market	Clan	Hierarchy	Adhocracy	Group
Firm A	+	+	+	+	C
Firm B	+	-	-	+	B
Firm C	+	+	+	+	C
Firm D	+	+	+	+	C
Firm E	+	+	-	-	B
Firm F	+	+	+	+	C
Firm G	-	-	-	-	D
Firm H	-	-	-	-	D
Firm I	-	-	+	-	A
Firm J	+	+	+	+	C
Firm K	+	+	+	+	C
Firm L	-	-	-	-	D
Firm M	+	-	-	+	B
Firm N	-	-	-	-	D
Firm O	+	+	+	+	C
Firm P	+	+	+	+	C
Firm Q	+	+	+	+	C
Firm R	+	+	+	-	B

plus = mean ≥ 5 minus = mean < 5

Table 7.6 – Evaluation OCAI Managers, Grouped by Means (source: author)

A second main finding in relation to hypothesis 3 was that the Chinese executive teams of the majority of firms in this sample were apparently able to smoothen out the conflicting characteristics of the four different culture types. When they developed their research instrument, Quinn and Rohrbaugh's original idea was to give participants alternative options to choose from, allowing them to select the *one* culture type that provided the best match with the cultural reality of their organisation. As later tests showed, however, overlapping characteristics of *several* culture types are evident in most firms in actual reality.

It was further found that the great majority of executive teams identified the organisational culture in their firms as being multi-typed. Only the system in firm I was exclusively classified as Hierarchy culture, making this company the sample's only representative of 'A-type' firms. Companies with two or three strongly influential culture types were called 'B-type' firms. A total of four such companies were found. The executive manager of company R, for example, defined the culture system of his organisation as being composed of characteristics of the Market, Clan and Hierarchy cultures. In firms B and M, the two most influential culture types were Market and Adhocracy, in firm E Market and Clan were predominant.

A correlation analysis of the four culture types covered by this study confirmed the finding that the executive managers of the participating private companies generally considered the 24 characteristics of the four culture types to be complementary. For example, Adhocracy culture correlated to 80.99% with Market culture, to 71.27% with Hierarchy culture, and to 81% with Clan culture. In turn, the Clan type correlated to 80.49% with the Hierarchy type, and to 77.53% with the Market type.

Culture Type	Market	Hierarchy	Clan	Adhocracy
Market	1.0000			
Hierarchy	0.7869*	1.0000		
Clan	0.7753*	0.8049*	1.0000	
Adhocracy	0.8099*	0.7127*	0.8100*	1.0000

* $p < 0.05$

Table 7.7 – Correlations of the Four Culture Types (source: author)

A3 Table of Outcomes

Company	OC Type	Dominant Type(s) of Culture
Firm A	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm B	Double	Market, Adhocracy
Firm C	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm D	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm E	Multiple	Market, Clan, Adhocracy
Firm F	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm G	None	None
Firm H	None	None
Firm I	Single	Hierarchy
Firm J	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm K	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm L	None	None
Firm M	Double	Market, Adhocracy
Firm N	None	None
Firm O	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm P	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm Q	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm R	Multiple	Market, Clan, Hierarchy

Table 7.8 – OCAI Managers – Dominant Types of Culture (source: author)

B Qualitative Results

In order to investigate the managers' perception of the culture systems in their organisations, they were asked: *“How would you describe the main characteristics of your company's organisational culture? (What are your company's values, and how are they expressed in your company's daily work?)”*

On the one hand, the evaluation of the replies showed that several executives considered corporate culture as a rather distant goal that they had not yet achieved:

“I think the company has not formed a corporate culture yet. This term is still too lofty for us at this point. After all, our company is still relatively young, unlike other companies that have been established for decades. Take Mercedes Benz, for example. They have been around for almost a century.” (Firm A, M2–Q4)

“Actually I'm not very clear about our corporate culture, because we don't have any explicit provisions for that.” (Firm J, M2–Q4)

On the other hand, managers described the different aspects of their organisation's culture system at considerable length. It could, for example, be observed that the managers of firm K had a relatively consistent picture of their corporate culture, stating:

"[...] we are like comrades-in-arms or like a family most of the time." (Firm K, M1-Q6)

"If everybody thinks of the company as their family, the company will develop very well." (Firm K, M2-Q3)

According to Cameron and Quinn's (2011: 46-8) definitions, the executives quoted above characterised their firm's culture as close to the Clan type. Yet they simultaneously expressed a strong focus on duty, success, discipline and leadership, thereby describing elements of Market and Hierarchy culture as well.

The replies of the managers of firm O also indicated a mixed corporate culture, albeit with a slight emphasis on Clan and Adhocracy culture:

"I think the culture of the whole company creates a feeling that 'we are all on the same page.'" (Firm O, M1-Q5)

"Our company has a slogan 'The Free Alliance of the Free.'" (Firm O, M2-Q4)

In total, these findings confirmed the results of the quantitative part of the study, namely that the majority of sample firms featured mixed organisational cultures.

It can only be speculated what the reasons for this might be, but it did become quite obvious from the analyses that the participating companies were at quite different levels of development regarding their organisational culture systems at the time of the field research. For example, the evaluation of firm O revealed that the members of the executive team, in both the questionnaires and the interviews, were aware of the specifics of their firm's organisational culture, and that they unanimously characterised it as being of the mixed variety, with tendencies towards the Clan and Adhocracy types. At the same time, one of the leading executives of firm L admitted that:

"Our company's vision is to develop the fastest CAD in the world. To be honest, I'm not very clear myself about other aspects of our corporate culture." (Firm L, M1-Q4)

This uncertainty was mirrored in the replies of the other managers of firm L, indicating a mix of culture types with only a slight tendency towards Market culture.

C Comparable Studies

In their study of over 400 employees in Chinese construction companies, Zhang and Liu (2006: 824) observed that “although there exist cultural differences at the corporate level, the Chinese traditional national culture, characterised by Confucianism and nurtured by decades of highly unified political ideology and centralised planned economy, has great influence at the corporate level”. Nevertheless, they reported that on average their sample group showed a tendency towards the dominance of Hierarchy culture. By contrast, the sample group in Deshpandé and Farley’s (2000) study was inclined towards Hierarchy and Adhocracy culture. Three years later (Deshpandé and Farley, 2003), another sample group showed an orientation towards a predominantly hierarchical style. Other studies came to the same results as the present study: Cameron and Freeman (1991: 36) and Büschgens et al. (2013: 767), for example, reported that two or more culture types were often simultaneously represented in their sample of firms.

D Summary

The four types of organisational culture suggested by Quinn and Rohrbaugh (1983) provide the basis for a systematic investigation of cultural variances at the organisational level, but they do not raise the claim of being applicable to any and all cultural phenomena (Zhang and Liu, 2006). Given that the OCAI was originally developed as an instrument with a ‘competing values’ framework, it was very interesting to discover that at least some of the executive teams who participated in this study did not perceive apparently contradictory characteristics to be irreconcilable. Even in combination, the results of the quantitative and qualitative analyses regarding hypothesis 3 yielded only a single executive management team that matched their firm’s culture system to only one of the culture types defined by Cameron and Quinn.

A minority of executive management teams saw two or three types of culture as being strongly influential in their organisations, while the majority described the dominating form of corporate culture in their firms as a mixture of all four corporate culture types. The research results thus matched the findings of earlier studies, e.g. Deshpandé and Farley (2000). Consequently, hypothesis H_1 was accepted, and hypothesis H_0 was rejected.

7.3.6 Hypothesis 4

H₀: The employees of privately owned Chinese companies characterise their firms' organisational culture as a system where one or no type of culture is strongly influential.

H₁: The employees of privately owned Chinese companies characterise their firms' organisational culture as a system where more than one type of culture is strongly influential.

A1 Procedural Details

To evaluate hypothesis 4, an approach similar to that for hypothesis 3 was chosen, i.e., a univariate analysis of means for each item of the OCAI and a calculation of the standardised mean value for each culture type was conducted (the complete results can be found in Appendix C9). Again, the Cronbach alpha coefficients proved the internal consistency of the scales: Market=0.89, Hierarchy=0.88, Clan=0.91, Adhocracy=0.90. A mean value of equal to or above 5.00 for each culture type was once more interpreted to be affirmative of the dominance of a certain culture type. All mean values below 5.00 were considered as indicating non-dominance.

A2 Evaluation of Findings

Overall, the Chinese employees of this sample characterised the culture types of their firms either as 'A-type' (one firm), i.e., consisting of a single type; as 'B-type' (four firms), i.e., consisting of two or three types; and as 'C-type' (12 firms), i.e., consisting of characteristics of all four types of organisational culture. In no firm did the employees describe the culture system of their organisations as being of the 'D-type', i.e., as having no strongly influential culture type at all.

Company	Market	Clan	Hierarchy	Adhocracy	Group
Firm A	+	+	+	+	C
Firm B	+	+	+	+	C
Firm C	+	+	+	+	C
Firm D	+	+	+	+	C
Firm E	+	+	+	+	C
Firm F	+	+	+	+	C
Firm G	+	-	-	-	A
Firm H	-	+	+	-	B
Firm I	-	+	+	-	B
Firm J	+	+	+	+	C
Firm K	+	+	+	+	C
Firm L	+	+	+	-	B
Firm M	+	+	+	+	C
Firm N	+	-	-	+	B
Firm O	+	+	+	+	C
Firm P	+	+	+	+	C
Firm Q	+	+	+	+	C
Firm R	+	+	+	+	C

plus = mean ≥ 5 minus = mean < 5

Table 7.9 – Evaluation OCAI Employees, Grouped by Means (source: author)

Specifically, the employees of the sample firms characterised their corporate culture systems as closer to Market culture (firms G and N), to Clan and Hierarchy cultures (firm H), or to Market, Clan and Hierarchy cultures (firm L). However, the majority of firms in this sample were profiled by their employees as demonstrating a mix of characteristics of all four CVF culture types.

A3 Table of Outcomes

Company	OC Type	Dominant Type(s) of Culture
Firm A	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm B	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm C	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm D	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm E	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm F	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm G	Single	Market
Firm H	Double	Clan, Hierarchy
Firm I	Double	Clan, Hierarchy
Firm J	Multiple	Market, Clan, Hierarchy, Adhocracy

Firm K	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm L	Multiple	Market, Clan, Hierarchy
Firm M	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm N	Double	Market, Adhocracy
Firm O	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm P	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm Q	Multiple	Market, Clan, Hierarchy, Adhocracy
Firm R	Multiple	Market, Clan, Hierarchy, Adhocracy

Table 7.10 – OCAI Employees – Dominant Types of Culture (source: author)

B Qualitative Results

In order to shed additional light on the employees' perception of their organisations' culture system, interviewees were asked, *"What are the most important organisational values in your company?"* The question was phrased like this because it was assumed that employees might not be able to name concepts of corporate culture right away, but would be capable of characterising the prevalent system by describing the underlying corporate values.

As was the case in the interviews with the executive managers, it was observed that the majority of the employees could describe specific values which they perceived as being characteristic for their company. Only one employee claimed that his company did not have a corporate culture at all:

"I think that the company as a whole doesn't have a clear direction at the moment."
(Firm L, E3–Q3)

This quote ties in with similar interview statements by the managers of his company, who also pointed out that they were not clear about the characteristics of the culture system of their firm (see hypothesis 3). Interestingly enough, the other two employees from the same company who were interviewed as well did not share this impression, and instead described the culture of their firm as well-structured (Hierarchy) and goal-oriented (Market). From their perspective, their organisation's cultural system focused on the company and its mission and not on the individual, but they also felt that it ultimately transcended the company and included a perceived responsibility for 'everything under the sky', i.e., for the whole country (Clan):

"I think the most important organisational value in my company is integrity. Everything is based on a system rather than on personal inclination. When a

company has a system, all that people have to do is to follow it. [...] It makes people feel very comfortable.” (Firm L, E1–Q2)

“How much we earn as individuals isn’t really the point. We are making a contribution to the welfare of the whole country. I think our sense of mission regarding the economic development of our country is very strong, and we take pride in it.” (Firm L, E1–Q3)

“The most important thing for a company is profits. However, for me personally, as a technician, the most important value is teamwork. Regarding corporate values, I think that making a contribution to society and to the welfare of the country is the most important thing for a company. Profit comes in the second place.” (Firm L, E2–Q2)

Just like employees 1 and 2 of company L, their colleagues from other firms were able to name important characteristics of their companies’ culture systems. Taken together, these statements seemed to confirm the assumption that most employees were relatively clear about the nature of their firms’ culture systems, although the descriptions did not match any of the individual culture types of the CVF exclusively, indicating a mixed system instead.

The employees of firm O, for example, described a rather open and innovative company (Adhocracy) that is characterised by good relationships (Clan), but that is also very success-oriented (Market) and well structured (Hierarchy):

“[...] our two bosses have a good relationship with their employees. They have a sense of humour, and they aren’t condescending, which makes people feel comfortable.” (Firm O, E1–Q3)

“In many cases, we’re very much like friends with our bosses.” (Firm O, E2–Q2)

“I think integrity, cooperation and competition are pretty common and fundamental.” (Firm O, E1–Q2)

“And of course integrity is very important. But for me, cooperation is the most important.” (Firm O, E2–Q3)

Similarly, the employees of company J cited characteristics of all four of the CVF’s culture types as being representative of the organisational culture in their firm, but placed some emphasis on success and development (Market) as well as on a harmonious atmosphere (Clan).

“The most important thing for every company is probably development. Achieving the yearly growth target – this is the most important shared value. In addition, the employees here all work in a harmonious family-like atmosphere.” (Firm J, E3–Q2)

“The feeling that my leadership gives me – probably integrity and cooperation. I think the reason why there aren’t any rivalries is because this is a very professional

company, unlike other local businesses that have a lot of pointless competition.” (Firm J, E2–Q2)

“I quite like this job, after all this is the media industry, it’s quite a cool industry, and something younger people like to be involved in. [...] it’s cooler, and it also suits my personality. It’s freer.” (Firm J, E1–Q5)

Overall, the answering patterns showed clear support for the main finding from the quantitative part of the study. All of the employees of the privately owned Chinese companies in this sample were able to describe the perceptions they had about the characteristics of the culture systems of their firms. In one case, both an interviewed employee and the executives of the firm agreed that the process of developing a suitable culture system was still at an early stage. The great majority of interviewed employees, however, described their firms’ culture systems as being multi-typed, characterised by values, norms, missions, leadership behaviour and/or other attributes which were not defined by an individual CVF culture type, but by a mixture of characteristics from all four types.

D Summary

Overall, the results regarding hypothesis 4 reflected the general tendency of the whole research, i.e., the participants of this sample of privately owned Chinese companies showed a positively skewed answering pattern towards the majority of items inquired about in the quantitative part of this study. In total, the employees of 17 out of the 18 firms of this sample saw characteristics of more than one type of culture incorporated into the cultural systems of their companies. In 12 firms, characteristics of all four culture types were present. This result confirmed the findings of earlier studies in both Chinese and western contexts (see chapter 7.3.5 – C).

These findings could be interpreted as a symptom of over-identification with the executive leadership and the corporate value system of the respective companies, following the motto ‘the more good things to say the better’. They might also indicate that employees were unclear about what the core of their organisational culture actually was. On the other hand, however, these results might constitute an accurate reflection of the fact that the culture systems of the participating firms are indeed defined by the characteristics of not only one of the four types that Quinn and Rohrbaugh (1983) proposed, but of all four. None of the participating companies were yet mature in their

organisational development, but they all had to adjust quickly to major market opportunities or threats – in a word, their culture systems were constantly subject to change. In light of this, the answering pattern of the employees in these firms seems to support the third option, and it could plausibly be argued that the results under H4 illustrate the current state of affairs in these sample companies.

In total, the employees of 17 out of the 18 firms of this sample of privately owned Chinese companies identified the corporate culture in their organisations as consisting of more than one strongly influential culture type. This result supported hypothesis H_1 , while H_0 could be rejected.

7.3.7 Hypothesis 5

H₀: The level of similarity between how executive managers and employees of privately owned Chinese companies characterise their organisations' culture are not positively related to the levels of value congruency between the employees and their organisation and of affective employee commitment.

H₁: The level of similarity between how executive managers and employees of privately owned Chinese companies characterise their organisations' culture are positively related to the levels of value congruency between the employees and their organisation and of affective employee commitment.

A1 Procedural Details

Under hypothesis 5, the strength of the culture systems of the 18 sample firms was analysed and brought into relation with the levels of P-O fit and affective employee commitment.

The first step of analysis compared the degree of similarity between how executive management teams and employees of each firm evaluated the type of culture in their company. Similar to the results regarding hypotheses 3 and 4, it was found that both stakeholder groups perceived their firm's culture system as consisting of all four of the CVF types in a total of nine firms (A, C, D, F, J, K, O, P and Q).

In the next step, the degree of similarity between the executive managers' and the employees' perception of the culture system of their firms was further investigated. On the basis of the 24 characteristics of the OCAI describing the four culture types of the CVF, a hierarchy of the ten most relevant characteristics as reported by both executives and employees was drawn up. It was further decided to classify a ratio of between 70–100% conformity in this hierarchy as the equivalent of similarity. If the executive managers and the employees of a particular firm agreed on seven to ten of the most relevant characteristics of its culture system, the organisation was rated as having a high perceived strength and thus a strongly developed culture system.

The level of P-O fit was measured using Posner's Shared Values Scale, which consists of two items, one directly and the other reverse-scored. In his studies, Posner did not specify a numeric value for what he considered high or low levels of P-O fit. Therefore, it was decided to follow a similar approach as utilised for hypotheses 3 and 4, i.e., to consider a mean value greater than or equal to 5.00 as an indicator for a high level of P-O fit.

To determine the overall levels of P-O fit of all 18 sample firms, the combined mean value of the means of both items was calculated.

Finally, in order to evaluate the level of affective employee commitment based on Meyer and Allen's (1991) TCM, the mean values for the AC scale were calculated, with mean values greater than or equal to 5.00 regarded as indicating a high level of affective employee commitment.

A2 Evaluation of Findings

As shown above in the chapters on hypotheses 3 and 4, the majority of both executive management teams and employees characterised the culture systems of their firms as consisting of more than one culture type.

It was hypothesised that the greater the similarity between how the executive managers and the employees characterise the culture system of their firm, the higher the level of perceived value congruency between the employees and the organisation, and the higher the level of affective employee commitment.

The degree of similarity was first investigated through a comparison of the results of hypotheses 3 and 4, which revealed that in a total of nine firms (A, C, D, F, J, K, O, P and Q) both the executive managers and the employees described the culture systems of their organisations as consisting of all four of the CVF culture types, with all of them seen as being strongly influential. These nine firms were considered as firms with a 'strong' culture system.

The result of the second step of analysis was that in five out of the nine firms identified above (A, D, F, O and P), both the executive managers and the employees agreed on between 70 and 80% of the characteristics that were most important for the cultural systems of their respective firms. In companies C and K, the level of conformity reached 60%, in firm Q 50%, and in firm J 40%. Consequently, the five companies A, D, F, O and P were considered as having a 'very strong' organisational culture system, and qualified for the next steps of evaluation.

According to the relationship hypothesised above, the employees of these five companies were expected to show higher levels of both P-O fit and affective commitment than the employees of the other sample firms.

Regarding the first item of Posner's scale, the employees of a total of 17 firms showed high levels of P-O fit with values of between 6.41 (firm K) and 5.19 (firm L). Only the employees of firm M with a mean of 4.67 scored below the defined level of high P-O fit. All five of the companies identified above as having a 'very strong' organisational culture were among those with a high level of employee P-O fit.

With a combined mean value of 4.04, the mean values of the second item of the Shared Values Scale were considerably lower than those of item 1. Since this item was reverse-scored, that figure indicated that even though some of the employees of the sample firms perceived their own value systems and that of their respective firms to be in congruence, they simultaneously felt that they needed to make compromises in their daily work routine.

The employees of two companies rated item 2 even higher than 5 (firm K: 5.76 and firm E: 5.05), while simultaneously rating item 1 very positively as well (firm K: 6.41 and firm E: 6.00). Accordingly, the Cronbach alpha coefficient for this scale was 0.06.

These answering patterns seemed to confirm similar findings from the pilot study, where in summary the results provided by the evaluation of the Shared Values Scale were found to be partly contradictory: On the one hand, employees showed very high levels of perceived value congruency with their firms; on the other hand, they stated that they had to compromise in order to fit in.

In a total of six firms (C, D, H, P, Q and R) the employee P-O fit reached high levels greater than or equal to 5.00. In the remaining twelve firms, the combined mean of the SV Scale was between 4.97 (firm J) and 4.08 (firm M). Among the six firms with high levels of employee P-O fit, companies P (mean: 6.25) and D (mean: 5.19) belonged to the group of five companies which were identified as having a 'very strong' organisational culture. The P-O fit values of the other three firms with a perceived 'very strong' organisational culture were: company A (item 1: 5.53, item 2: 4.89, total mean: 4.32); company F (item 1: 5.76, item 2: 4.43, total mean: 4.67), and company O (item 1: 5.40, item 2: 3.80, total mean: 4.80). It could be observed that for all these companies the mean value of the first item was very high, i.e., indicative of strong P-O fit, while the combined mean values were obviously dragged down by the reverse-scored values of item 2. This was also the case in seven (B, E, G, H, L, N and R) out of eight companies with organisational culture systems perceived as being less strong.

Again, the evaluation of the results of the Affective Commitment Scale showed that the answering pattern was positively skewed. Consistent with the approach outlined above, it was decided to regard a mean value greater than or equal to 5.00 as an indicator for a high level of affective employee commitment. For a total of 14 out of the 18 sample firms, the results showed high levels of AC with values between 6.78 (firm H) and 5.00 (firm I). The results for only four firms (G, M, N and Q) showed levels of AC lower than 5.00. In all five companies with 'very strong' organisational culture systems the employees also reported high levels of affective commitment. The mean values for AC of these firms ranged from 6.25 (firm P) to 5.38 (firm O), and the Cronbach alpha coefficient was 0.87.

Of the nine firms (A, C, D, F, J, K, O, P and Q) already identified as having a high level of similarity between the executive managers and the employees in terms of their perception of the culture system of their firms, the employees of eight sample firms showed high levels of affective commitment, with firm Q being the only exception.

While the employees of all five companies with a ‘very strong’ organisational culture showed high levels of affective commitment, this was also true for most of the companies with less similar perceptions of their culture systems.

A3 Table of Outcomes

Company	Homogeneity OCAI-Types	Homogeneity OCAI- Statements	Strength of Culture	P-O Fit	AC
Firm A	M: 4 Types E: 4 Types	7/10 Items Shared	Very Strong		High
Firm B	M: 2 Types E: 4 Types	8/10 Items Shared			High
Firm C	M: 4 Types E: 4 Types	6/10 Items Shared	Strong	High	High
Firm D	M: 4 Types E: 4 Types	7/10 Items Shared	Very Strong	High	High
Firm E	M: 3 Types E: 4 Types	7/10 Items Shared			High
Firm F	M: 4 Types E: 4 Types	8/10 Items Shared	Very Strong		High
Firm G	M: 0 Type E: 1 Type	7/10 Items Shared			
Firm H	M: 0 Type E: 2 Types	6/10 Items Shared		High	High
Firm I	M: 1 Type E: 2 Types	5/10 Items Shared			High
Firm J	M: 4 Types E: 4 Types	4/10 Items Shared	Strong		High
Firm K	M: 4 Types E: 4 Types	6/10 Items Shared	Strong		High
Firm L	M: 1 Type E: 3 Types	6/10 Items Shared			High
Firm M	M: 2 Types E: 4 Types	7/10 Items Shared			
Firm N	M: 1 Type E: 2 Types	5/10 Items Shared			
Firm O	M: 4 Types E: 4 Types	8/10 Items Shared	Very Strong		High
Firm P	M: 4 Types E: 4 Types	8/10 Items Shared	Very Strong	High	High
Firm Q	M: 4 Types E: 4 Types	5/10 Items Shared	Strong	High	
Firm R	M: 3 Types E: 4 Types	6/10 Items Shared		High	High

Table 7.11 – Homogeneity of Culture, P-O Fit and AC (M = managers, E = employees) (source: author)

B Qualitative Results

A total of four firms (A, J, K and O) out of the nine that were identified in the quantitative research part as possessing a ‘very strong’ corporate culture participated in the qualitative research as well. During the interviews, the executive managers and the employees of all four firms frequently named the same characteristics of their companies’ culture systems, thereby indicating a high level of similarity. One company (firm L) with a weaker corporate culture also participated in the interviews.

Similar to the approach chosen for the quantitative part of analysis under hypothesis 5, the evaluation of the semi-structured interviews was initiated by bringing the research results concerning hypotheses 3 and 4 together, i.e., by identifying sample firms with a similar perception of organisational culture.

In firm K, for example, both managers and employees were very focused on their superiors, and all participants described their work environment as quite harmonious:

“We are like comrades-in-arms at work, and like a family in private. Everybody really cares.” (Firm K, E1—Q6)

“Among colleagues, everyone is very authentic and the relationships are very harmonious.” (Firm K, E2—Q5)

“I think integrity comes first. [...] [our boss] always tells us: ‘Loyalty is more important than ability.’” (Firm K, E3—Q2)

“[...] [Our boss] offers us a platform where we have the freedom to make use of all our strengths, and where our abilities aren’t restricted. [...] [He] is also a very positive man who works hard. He influences us very much, and he helps us to do better and to make progress.” (Firm K, E4—Q5)

“[...] [Our boss] is a very strong leader, and he will lead the company forward with his enormous positive energy.” (Firm K, M3—Q1)

“[...] because of the mutual trust that we have, and because we trust in [...] [our boss] having a dream, we can follow him to realise his dream together.” (Firm K, M4—Q4)

A second step of analysis evaluated statements regarding the strength and causes of perceived value congruency between employees and their organisations. For example, when the employees explained why they preferred to work in a privately owned company, values like Freedom and Opportunities for Development were mentioned. Other interviewees described themselves to feel inspired by a strong leader, or perceived an almost complete balance of values between themselves and their firms:

“Working in a private company gives individuals more room to display their personal values and to really put them into practice.” (Firm A, E2–Q1)

“Compared to state-owned enterprises, private corporations provide more room for personal development.” (Firm J, E2–Q1)

“I think that compared to SOEs, private companies are more flexible and give you more space to express yourself.” (Firm K, E3–Q1)

“After all, we all have the same goal, and our opinions don’t differ very much.” (Firm A, E2–Q4)

“We are on the same page in technical terms and regarding our goals.” (Firm J, E3–Q3)

“I absolutely agree with him, so I have been following his lead for many years.” (Firm K, E2–Q2)

“We should represent both the values of the employees and those of the company. This is our motivation to work hard.” (Firm K, E2–Q2)

“When I am working here, basically, the space I have to express myself is directly proportional to my own abilities and my own efforts. [...] I think this aspect is very important for me, and I like it like that.” (Firm K, E3–Q1)

“When he [the owner] talks to us, he recharges our batteries, and all of a sudden everybody is full of energy. He is capable of arousing everybody’s enthusiasm.” (Firm K, E2–Q5)

“Our company offers many challenges. We can go to different cities and see a different scenery, perform different tasks, and work with different people.” (Firm A, E1–Q5)

“Everyone works cheerfully hand in hand. Step by step, everyone does their job according to our own work plans. Step by step, we gradually achieve our personal goals.” (Firm A, E2–Q5)

“Because I have a child now, my first thought is of the salary here. The company also helps with my personal development, with the improvement of my technical skills and the growth of my abilities.” (Firm L, E2–Q5)

“The company also gave me some encouragement to stay, such as equity shares, internal job opportunities and some additional scope for making my own decisions. So it’s a combination of these factors that made me stay here.” (Firm L, E3–Q1)

The third step of qualitative analysis under hypothesis 5 was to reinvestigate findings in both the pilot study and the quantitative part which had scored conspicuously high on the reverse-scored item 2 of the SVS. Indeed, the semi-structured interviews provided further evidence for the assumption that for a great number of Chinese employees, to work for a company, to share its value system and to be affectively committed to it, and to simultaneously admit that they needed to make compromises in their daily work life, was not contradictory at all, but rather felt normal and acceptable.

One employee of firm O, for example, stated that although he had encountered some problems in the firm, the issues could be solved, especially since he liked to work in the current environment:

“I’ve encountered these situations with the rules and regulations.” (Firm O, E2–Q4)

“We can resolve a lot of problems through communication.” (Firm O, E2–Q4)

“I like my current company very, very, very much. Really.” (Firm O, E2–Q5)

Employees of firm K described a similar situation: although they had to act against their personal values at times, they still felt very comfortable in their company.

“If they [the company’s and my own values] don’t go together, in the end, after thorough consideration, the interests of the company will come first, and I will act accordingly.” (Firm K, E3–Q4)

“I really like it very much. Because, first, I am very busy every day and I have many things to do. I think I am valuable for my clients, because they ask for me a lot.” (Firm K, E3–Q5)

“Situations where I don’t agree with the way the company resolves them are unavoidable. But I think we should attach the most importance to the welfare of the company and to the general situation. As for personal benefit, when personal principles are violated, personal benefit ought to take second place behind that of the company.” (Firm K, E4–Q4)

“I like it very much at our current company.” (Firm K, E4–Q5)

“I think it’s absolutely the right choice to work for him [our boss].” (Firm K, E4–Q5)

Similar attitudes were observed in the case of the employees of firm L:

“I think the situations where personal opinion conflicts with how the company solves problems are rare. Because if we find that the company’s policies or decisions are inappropriate, or different from what we expected, we go to our leaders and speak to them. Often, a reasonable solution can be found if the discussions are based on facts. When what I say makes sense, the bosses tend to accept my ideas.” (Firm L, E1–Q4)

“I like my current company very much. [...] We are like friends. I really think it’s alright in this company.” (Firm L, E2–Q5)

Another employee from firm O stated that she really liked working for her company, felt very comfortable and got along well with everybody, even though she did not agree with everything she was confronted with:

“I don’t agree with everything, but there’s really nothing I can do.” (Firm O, E1–Q4)

“Of course I like working here a lot because of what I just said – it’s open, and it’s comfortable.” (Firm O, E1–Q5)

“In general, I feel happy most of the time.” (Firm O, E1–Q5)

While the great majority of statements in the interviews showed a clear tendency towards high levels of employee-organisation value congruency, one interviewee seemed somewhat less enthusiastic:

“I would be very happy if I could work in a SOE. But that’s very difficult these days.” (Firm L, E3–Q1)

“Honestly, I do not agree with the big values the company has at the moment.” (Firm L, E3–Q3)

“I can choose to give in. But [...] I can also choose a leader who agrees with me. So when that problem came up, I changed to a new department.” (Firm L, E3–Q4)

The qualitative analysis so far seemed to support the evaluation that the majority of Chinese employees of this sample perceived themselves as being in tune with the value structure of their firms. Some candidates, while frankly describing a number of problematic issues in their working environment, made it clear that the negative points were not reason enough to actually leave their firms. On the contrary, most employees clearly indicated their willingness to solve the critical issues and stay.

The next step of qualitative analysis investigated the level of affective employee commitment. Interview questions 5 (*“Do you like working in your company? If yes: Why?”*) and 6 (*“Would you consider working extra hours without payment?”*) were mainly concerned with this part of analysis.

During the evaluation of the results, it first became apparent that some managers considered it to be difficult to encourage affective commitment in their employees at all:

“For employees, this is a job and they take it as a job.” (Firm A, M1–Q5)

“I think a company should never place unrealistic demands on its employees and expect full dedication.” (Firm A, M1–Q5)

“[...] we have never expected a great degree of loyalty from our employees.” (Firm A, M2–Q6)

“I don’t believe employees would dedicate themselves completely just for the sake of the company. [...] That is unrealistic, and it’s unreasonable in today’s society.” (Firm J, M1–Q6)

Given the difficulty of encouraging employee commitment, managers reflected about the best ways to go about this task:

“If you simply rely on money, equity and even vacation time, you may be able to stimulate your employees to do something sometimes, but these aren’t the most

important things. Ultimately, the most important thing is that they feel relaxed and secure.” (Firm A, M1–E5)

“Besides wages, we also had bonuses taken out of our profits to incentivise our team. Another thing we did is that we kept everyone’s birthdays in our records. Everyone received a present with a value of 150 Yuan on their birthdays.” (Firm A, M2–Q5)

“In our company our boss transfers these [values] to the employees by practicing what he preaches. He is like a leader figure in our hearts and in our minds.” (Firm K, M2–Q3)

At the same time, managers and employees alike confirmed what the evaluation of the quantitative research part had already shown: In the vast majority of sample firms, the employees perceived themselves as being affectively committed to their firms to a very high degree. The results of this commitment were described by some managers:

“Some of our employees sleep here at night. They bring their sleeping bags and sleep here. No one asks them to, they just do it.” (Firm O, M1–Q5)

“We can say that the degree of loyalty is quite high. I think the reason is that everyone from the boss to the employees is honest, and we confront problems together.” (Firm A, M2–Q6)

Employees confirmed these observations, and simultaneously shed some light on the context for their behaviour. In regard to unpaid overtime work, for example, interviewees explained:

“Actually, I think that none of my co-workers has ever mentioned overtime pay when they were working overtime. There is a lot of solidarity, we think of solving the problem as the ultimate goal, rather than discussing how much overtime pay we will get or how many days off there will be in compensation. That is where we differ from other companies.” (Firm K, E2–Q6)

“Since we were responsible for our own projects, we couldn’t just abandon our work because we didn’t get overtime pay, we still needed to complete the project no matter how many extra hours it took.” (Firm A, E1–Q6)

“But at the client’s place, you represent the company and you have to get the job done well. It doesn’t matter if that means working some extra hours.” (Firm L, E1–Q6)

“It’s my mission to handle the work at the company well and to act in its best interest. That is the absolute minimum. This is my responsibility, towards the company as well as towards myself.” (Firm L, E1–Q6)

“I can’t tell him [the customer], I’m very sorry, but I am done for today. That is impossible. We need to serve our customers 24/7.” (Firm K, E1–Q6)

“Some people may think that they should get overtime pay, but I think overtime is necessary because my work is not finished yet.” (Firm K, E4–Q6)

Other employees described affective commitment behaviour as well, but weighted their replies slightly differently:

“Of course, personally, I would rather not do that. That’s how I see it now, because now I have a kid at home, a wife and my parents to look after. They all want me to come home to keep them company. Of course, if I were being paid for overtime, that would be something else altogether. On the other hand, if it had happened several years ago, I would have agreed to unpaid overtime, because at that time my abilities and my experience were still limited, I was not as experienced and capable, and I still had to improve myself.” (Firm L, E2–Q6)

“If you try your best and work overtime, your boss will see that you’re working hard, and you will earn more.” (Firm J, E1–Q6)

“If you have to work overtime every day and the company doesn’t pay for it, then the employees are bound to lose their motivation.” (Firm J, E2–Q6)

D Summary

Hypothesis 5 brought together the results and conclusions from hypotheses 3 and 4 regarding the types of culture in the sample firms of this research, and amalgamated them with the analysis of the levels of employee-organisation value congruency and affective employee commitment.

In a first step, the levels of similarity between how executive managers and employees characterised the culture systems of their firms were evaluated. A total of nine firms with high similarity levels could be identified, and were classified as having a ‘strong’ organisational culture. A second step of analysis evaluated the degree of conformity between executives and employees in regard to the most important characteristics of their firms’ culture system. A total of five firms with ‘very strong’ culture systems were found.

The third step of analysis was concerned with the evaluation of results from the two items of the Shared Values Scale. Overall, when considering item 1 alone, the mean scores proved high levels of perceived P-O fit between the Chinese employees of the sample and their firms. When items 1 and 2 were taken together, the higher reverse scores of item 2 were found to drag down the total P-O fit values. As the final evaluation of the qualitative research showed, high scores on item 2 of the SVS did not necessarily mean that the employees of the sample perceived a worse P-O fit. According to these results, the employees of the privately owned Chinese sample firms felt they had to compromise at times, but nevertheless perceived high levels of value congruency

with their organisations. The final step of analysis showed that most of the employees of this sample reported very high affective commitment towards their firms, confirming a match between the results of item 1 of the SV Scale and the AC Scale.

The evaluation of the semi-structured interviews further supported this finding. From a substantial body of interview material, additional evidence for high levels of employee-organisation value congruency and affective employee commitment could be extracted.

Overall, the analyses under hypothesis 5 yielded evidence for the existence of high levels of value congruency between employees and their organisations and of high levels of affective employee commitment in the sample firms. While the employees of two companies with ‘very strong’ corporate culture systems also showed high levels of P-O fit and AC, the hypothesised linear relationship between strong organisational culture systems and high levels of these two organisational outcomes could not be proven.

The great majority of all employees reported high levels of P-O fit for item 1 of the SV Scale, comparatively lower levels for item 2 of the SV Scale and very high levels of affective commitment. This was true for the five firms with ‘very strong’ corporate culture, but also for companies with weaker culture systems. These findings did not render the hypothesised relationship invalid altogether, since some evidence in favour of it was found. The exceptions to the hypothesised relationship in this sample could not be ignored, however. Consequently, hypothesis H_0 was accepted, and hypothesis H_1 had to be rejected.

7.4 Summary

In chapter 7, the quantitative and qualitative results of the main study were presented. Based on well-established statistical calculations and semi-structured interviews, valuable evidence was added to the existing knowledge base concerning the hierarchy of managerial value systems and systems of organisational culture on the one hand, and the potential relationships between both systems as well as between the perceived strength of organisational culture systems and the levels of P-O fit and affective employee commitment on the other hand.

The executive managers of the 18 privately owned Chinese firms in this study were shown to place particular importance on five values: Customers, Trust, Loyalty, Competition and Employees. These concepts seem to represent categories that are crucial for the success (and survival) of privately owned Chinese companies. In addition to this, the executive management teams of the sample companies shared a broad range of value concepts. Not all executive teams displayed an equally high degree of value conformity, but there seems to be a clear indication that Chinese leadership teams indeed make a strong effort to find common ground for their daily decision-making processes.

It was also shown that both managers and employees of the sample firms generally evaluated the type of culture in their firms as being multi-dimensional, i.e., as consisting of characteristics of more than one, and in most cases of all four, of the culture types introduced by the OCAI.

Based on Yin's (2014) concept of analytic generalisation, the two relationships between preferences for value concepts and particular types of organisational culture as well as between the strength of culture systems and the levels of employee-organisation fit and affective employee commitment were investigated with different results. While a positive conclusion regarding a relationship between preferred values and types of culture appeared to be justified, the same conclusion could not be drawn for the relationship between the strength of culture on the one hand, and levels of P-O fit and AC on the other.

The employees of the Chinese firms in this study were overwhelmingly found to be aware of their affective attachment to their firms and leaders. When asked about their commitment to their organisations, interviewees explained in great detail how they, for example, sacrificed their spare time for the betterment of their company. Overall, the participants evaluated a large number of the values covered by the survey as positive.

The following and final chapter will contain a discussion of the main findings and contributions of this thesis, as well as a number of proposals for future research.

8 Discussion, Contributions and Proposals for Further Research

8.1 Introduction

The final chapter of this study discusses the main findings and conclusions, examines in detail the contributions made to theory and scientific practice, and makes some concluding recommendations regarding further research.

The research undertaken implemented England's approach towards managerial value systems in a Chinese corporate context for the first time, establishing a situational hierarchy of the personal values of Chinese executive managers and management teams. Furthermore, the present study evaluated the status and types of organisational culture systems in privately owned Chinese firms from the point of view of both executive managers and employees. In a further step, the potential relationship between the personal value systems of the executive managers of the sample and the types of organisational culture systems in their respective firms was explored. Finally, based on the degree of similarity in how managers and employees characterised the culture systems of their firms, a further relationship between the strength of the culture systems and levels of employee-organisation value congruency and affective employee commitment was tested for.

8.2 Discussion of Contributions to Theory

The theoretical rationale this study introduced to a Chinese context for the first time followed the lead of, for example, England (1967b, 1975), Oliver (1974, 1999), Posner et al. (1984, 1987) and Posner (2010b) and in that it was assumed that managers represent a specific societal subgroup characterised by a unique set of personal values. These values are structured into systems, which are more influenced by the membership in the professional group of managers than by the overarching sociocultural value systems of society as a whole. As the literature has shown, managers tend to possess similar value systems, independent of their individual upbringing.

8.2.1 Value Systems of Executive Chinese Managers

The executive managers of this sample considered a broad spectrum of personal values as relevant for their daily work, but five concepts stood out particularly: Customers, Competition, Employees, Loyalty and Trust. Considering the specific business situation these Chinese managers find themselves in on a daily basis, this choice was hardly surprising:

(A) The service industry is characterised by relatively low entry barriers and by a strong relations factor (He et al., 2011: 201). Managers therefore depend on their teams to treat their client base with the highest respect and courtesy: Retaining customers is extremely difficult, because exit barriers to competitors with a similar service portfolio are low. As was shown in the evaluation of the semi-structured interviews, both managers and employees strongly expressed that they were fully aware of this sensitive part of their common responsibilities.

(B) “The process of service production and delivery is full of uncertainty” (He et al., 2011: 203). Consequently, competitive pressure is immense – not only from the bigger SOEs, but also from other small-sized firms. Both managers and employees showed an abundance of competitive spirit. One manager described how employees brought their sleeping bags, spending the night in their office in order to get their jobs done. Employees explained in detail why they worked overtime without payment, and why they thought it was both in their own best interest and beneficial to their employers to do so.

(C) All companies in China, but especially private companies, “face high staff turnover and competition for skilled employees” (Hofman and Newman, 2014: 632). Operating under such difficult labour market conditions and simultaneously being unable to offer social packages to their employees as is common practice in SOEs, managers in private Chinese firms need to find other ways to motivate employees to join, to stay and to remain loyal. This managerial task is not helped by the fact that, as the personal data of the employees in this sample has shown, the employees are mostly young people with relatively low salaries and an extremely heavy workload. Nonetheless, employees stated that they felt proud to work with their superiors, whom they perceived as strong leaders – a finding which confirmed the results of previous studies by, for example, Chan et al.

(2014) and Cheung and Chan (2008). Managers spoke of a need to implement their personal values at the core of their organisation's culture as a precondition of remaining in a central position of leadership. Other managers described their efforts to arrange yearly employee trips as a bonus, or to implement an employee share-owning programme.

(D) The Chinese executive managers of this sample worked for privately owned companies of relatively small size. In a collectivistic sociocultural environment, the trust (*xìnyòng*) of the owner or the owner's family is the indispensable prerequisite for a successful tenure as executive. This is especially true when considering the widespread tendency of the Chinese to trust clan members much more than outsiders. This attitude was shown to have a longstanding tradition in China, where society historically relied on formal networks of clansmen instead of formal networks of laws (Hofstede, 1993; Fukuyama, 1995).

Given its obvious consistency with, and clear relevance to, the current business climate for smaller private Chinese companies, the finding that Customers, Competition, Employees, Loyalty and Trust were identified as the five most important value concepts by the executive managers of this sample adds a valuable new aspect to the existing research on managerial values in a Chinese context.

8.2.2 Shared Values of Executive Management Teams

Shared values between members of leadership teams "permit managers to approach exchange relationships secure in the belief that their partners share the same goals and norms" (Chuang et al., 2012: 271). They seem to be especially important in smaller companies, where the voice of each manager weighs heavier than in companies with larger executive teams, where differences are more easily balanced out. The privately owned Chinese companies participating in this research were led by between one and 15 managers. Often the founder and one or two friends represented the core executive team. The personal value systems of the executive managers in all the privately owned Chinese companies of this study contained a set of shared values, which differed, however, in terms of number and specific combination.

Based on the Upper Echelons Theory (Hambrick and Mason, 1984), it was assumed that the sum of all values shared between the members of an executive team represents an important part of the cognitive base on which the common decision-making process is founded. The stronger this base, i.e., the more values an executive team shares, the more common ground can be relied on in joint decision-making processes, and the more effective this team is likely to be.

The evaluation of questionnaires and interviews revealed that the value systems of the management teams showed unique and specific combinations and hierarchies in regard to the 47 value concepts included in this study. Executive teams did not consider all concepts they were presented with as equally relevant. On the one hand, they put special emphasis on their Customers (12 teams) and Employees (11 teams), the Groups of People they depended on and dealt with most directly. On the other hand, they seemed to appreciate stable relationships, and therefore emphasised Trust, Cooperation, Honesty and Loyalty. Apart from these results, it was found that the executive teams also valued Achievement, Success and Creativity, all of them concepts belonging to the PVQ section Personal Characteristics. In general, the findings from the quantitative part of the survey were borne out by the results of the qualitative research.

In firms F, O and P, for example, the executive management teams shared 23 and 22 value concepts among them, with an approval rate of higher than 75%. The managers of firm A emphasised values belonging to the category Groups of People in the questionnaire, and congruously pointed out in the semi-structured interviews that Honesty and Security were very important to them when working with people. On the other hand, the executive team of firm J focused on Stability and Employees in the questionnaires, and explained in the interviews that Cooperation and Equality were the concepts which they particularly valued in order to achieve a stable employee-organisation relationship.

At the other end of the continuum, the Chinese executive management teams considered Individuality, Dignity, Power, Obedience and Leisure as less important.

The ambivalent attitude towards the concept of Power was somewhat surprising, but seemed to tally with the idea outlined in the literature review above that, in a Chinese managerial context, power *per se* is not a highly-emphasised value. Instead, the power

associated with a certain position is understood to derive from a leader's followers. For this to be the case, a strong leader is required, i.e., someone with a powerful personality.

The groups of shared values established in the analysis of the quantitative and qualitative parts of the research can be understood as the foundation on which the strategic decisions of the members of the executive teams are grounded. Based on these shared values, management teams decide, potentially unconscious of the influence of their value systems on this process, what they want to achieve and how they want to achieve it.

8.2.3 Personal Values and Types of Organisational Culture

In their Upper Echelons Theory, Hambrick and Mason (1984) and Hambrick (2007) confirmed the great importance of managerial value systems for all kinds of decision-making processes, including those regarding the type of organisational culture a firm should have or should represent (Schein, 2010). In an ideal world, there would be a most suitable corporate culture for each and every firm, derived from the unique value systems of the founder and the leading executives, and adjusted to the influences and needs of the various stakeholders and to the environment the firm is operating in (Kristof-Brown and Jansen, 2007: 125).

Results after correlation steps 1 and 2 and the regression analysis showed a tendency that specific value concepts, either on the level of the individual concept or as groups of values belonging to one of the seven PVQ factors, indeed correlated with specific types of culture. Clan culture, for example, was most strongly correlated to the PVQ factors 1 and 3 in the correlation analysis, and 3 and 1 in the regression analysis. On the other hand, Adhocracy culture correlated most strongly to the factors 5 and 3 in the correlation analysis, and 3 and 5 in the regression analysis. On the level of individual values, three of the most relevant four concepts belonging to the factors 3 and 5 correlated with Adhocracy culture.

Based on these findings, it was concluded that Chinese executive managers with a preference for specific personal values also showed, at least partially, a preference for a specific type of culture. This mechanism became visible in the relatedness of, for example, Loyalty to Clan culture, and Creativity to Adhocracy culture. Even though the

analyses regarding Hierarchy and Market culture revealed no such direct connection between individual value concepts and these culture types, there was still a general tendency towards a relationship between personal values and organisational culture.

What is more, the analysis showed that certain combinations (factors) of value concepts correlated more strongly with some culture types than with others. In practical terms, it thus appears possible for managers to test for value preferences of potential employees and to evaluate a percentage of fit with the culture system of their company in addition to the usual testing for professional and intellectual fit. These findings agree with earlier studies, e.g. Bowen et al. (1991), who argued that it is important that “employees are hired to fit the characteristics of an organization [i.e., its corporate culture], not just the requirements of a particular job”.

8.2.4 Types of Culture and the Strength of Corporate Culture Systems

A company’s culture system can be compared to a fabric into which deep beliefs about the right workflow, the right goals and the right strategies to achieve these goals are woven. Research has shown that a strong culture system increases competitiveness (Cameron and Quinn, 2011: 5). The strength of this system is ultimately related to the quantitative aspect of how many of the organisation’s members share the underlying value structure (Saffold, 1988; Salvato, 2009). In the present study, the extent of this similarity was established (1) by comparing the types of culture executives and employees of the same firm used to characterise their organisation, and (2) by the level of similarity between the executive managers’ and employees’ choices of the ten most important characteristics (out of the total of 24) describing the four culture types in the OCAI (a 70–100% level of similarity was considered acceptable).

In the quantitative analysis, only one executive management team identified their firm’s culture system with a single culture type. All the other teams characterised their firms’ culture systems as a combination of more than one type, with the majority describing characteristics of all four types (nine firms).

These results confirmed the findings of some earlier studies with Chinese sample groups, e.g. Deshpandé and Farley (2000), but differed from others: Tsui et al. (2006b)

positioned their sample of POEs closer to Market culture, while Ralston et al. (2006b) found POEs to be oriented mainly towards Clan and Adhocracy culture.

The analysis of the questionnaires from the employee side of this sample brought similar results. In a total of 17 out of the 18 participating firms, the employees reported that the culture systems of their companies consisted of more than one of the CVF types. In 12 firms, representing the great majority, the employees characterised the culture system as consisting of all four types.

In a total of nine firms (A, C, D, F, J, K, O, P and Q), both the executive managers and the employees described the culture systems as being strongly influenced by all four of the CVF culture types. Furthermore, in five out of these nine firms (A, D, F, O and P), executive managers and employees agreed on 70 and 80% of the most important characteristics, respectively. Based on these findings, these five firms were classified as possessing ‘very strong’ culture systems.

8.2.5 The Relationship between Strong Culture Systems and Levels of Employee-Organisation Value Congruency and Affective Employee Commitment

To measure the levels of P-O fit in this research, Posner et al.’s (1985) Shared Values Scale was used for the first time with a PRC sample. Regarding item one of the SV Scale, employees of all but one sample firm expressed very high levels of perceived congruency between their personal values and the values of the organisation. At the same time, regarding item two of the SV Scale, employees of a majority of sample firms admitted that sometimes they needed to make compromises in order to fit in. This partially contradictory result of the pilot study repeated itself in the analysis of the main study, and, especially in the evaluation of the semi-structured interviews, it became clear that this state of affairs is widespread and obviously very common in private Chinese companies.

In the semi-structured interviews, the majority of employees stated that they felt strongly attached to their respective firms, their leaders and the business goals of their firms. Interviewees spoke of feeling like “comrades-in-arms”, of “being a family” and of “deep trust in the leader”, as well as of the wish to “support the boss in fulfilling his dreams”. Yet at the same time, the working hours were long; most of the employees in

this sample were young, and on average earned only small salaries despite working long hours. The number of years spent at their current firms was also low, indicating a high turnover rate which has been described by other studies as one of the gravest problems for the development of private enterprises in the PRC (Fu and Deshpande, 2012). Nevertheless, the majority of employees confirmed high levels of value congruency with their firms.

According to Leininger (2004), affectively committed employees support their organisations better, thereby allowing them to provide higher returns to investors. It is thus the voluntary component of affective commitment behaviour that attracts particular managerial attention, and this study consequently placed a strong focus on the evaluation of affective commitment. Based on the total mean values, the employees of all but four sample firms (14 firms) displayed very high levels of affective commitment. The values for the other four sample firms were also high and almost at the benchmark. The results of the AC analysis were thus found to confirm the results of item 1 of the SV Scale.

In the semi-structured interviews, the impression was further strengthened that the great majority of employees felt motivated to work hard for their organisations and their superiors. Employees accepted not being paid for overtime work, even stayed overnight to meet their deadlines, but still described their firms as places where they could develop their true potential, and where everyone supported each other to get the job done.

A single more sceptical voice was recorded as well:

“After all, I’ve been working here for ten years now; it’s not realistic for me to find a job elsewhere. I used to like my job, but now I work more for the sake of the work.” (Firm L, E3–Q5)

“I would say the company is like home. You’re saying you can choose whether you like your home or not? No, you can’t.” (Firm L, E3–Q6)

The analysis of the statements above showed that this employee displayed continuous and normative commitment components, a finding which corroborates the results of other studies in a Chinese context, e.g. He et al (2011) and Miao et al. (2014).

It could not be determined with absolute certainty whether or not these attitudes are specific to the Chinese sociocultural value context with its Confucian emphasis on serving and harmony. However, it could be argued that the findings of this study support Chin's (2014: 329) idea that "the Chinese philosophic thinking encourages people to treat all contradictions as permanent yet relative [and that] the ultimate goal for Chinese to cope with contradictions is not an ideal non-contradictory solution but a balanced yet continuously dynamic status of harmony". A greater tolerance for currently unsolvable problems seems like a logical consequence of this mindset.

While this study confirmed high levels of affective employee commitment and value congruency, it could not establish a linear relationship between the strength of the sample firms' culture systems and levels of AC and P-O fit. Of the five sample organisations with 'very strong' corporate culture systems, two belonged to the firms with high levels of both employee value congruency and affective employee commitment.

Two out of 18 sample firms seemed too small a number to conclude that a positive and direct relationship between the two variables existed. Nevertheless, the results could be interpreted to support the assumption that there is at least a certain tendency towards a relationship between the strength of a corporate culture system and the levels of P-O fit and AC. While the great majority of firms with weaker scores regarding the strength of organisational culture also showed high positive levels of both P-O fit in item one and AC, it seemed plausible to suspect such a relationship because, as it was shown, the identification with a given organisation ultimately results from an employee's agreement with the corporate value system as represented in a company's organisational culture.

8.2.6 Research Model and Research Questionnaires

In the development of the formal research model introduced in this study, well-established approaches by England (1967b), Posner et al. (1985), Cameron and Quinn (1999) and Meyer and Allen (1991) were, partly for the first time, adapted to the research environment of the PRC.

This thesis was able to contribute to the existing body of knowledge by establishing a hierarchy of personal values for both the individual executive managers and the executive teams of the sample firms. The model further revealed a relationship between the personal values of executive managers and the types of culture in their respective firms. The model also confirmed the simultaneous presence of high levels of employee-organisation value congruency and affective employee commitment. Finally, the findings suggested that there is a tendential relationship between strength of organisational culture and both P-O fit and AC. The model did not yield sufficient evidence for a straight linear relationship between these three categories, however: The majority of employees of the sample firms in this study reported high levels of emotional relatedness independent of whether they considered the culture systems of their firms to be strong or not.

Based on England's (1967b, 1975) suggestions for a test of managerial value systems, this model established a situational hierarchy of the value systems of executive managers in private Chinese firms. As was shown, the Chinese managers gave high scores to most of the value concepts, but five values could be identified that the participants almost unanimously considered to be of the greatest importance. For these five most relevant values, a strong relatedness to the daily management process of the sample group was established.

What is more, this study was also the first to investigate the situational hierarchy of value systems in Chinese executive teams. This data seemed especially relevant, since it was assumed that the more values the executive leadership team of a firm shares, the stronger the platform for joint management decisions, the greater the efficiency of the team, and thus also of the company as a whole. It was shown that the executive teams of all sample firms shared a set of values, with some teams sharing more and some being very selective.

Again for the first time in a Chinese context, this research further explored the relationship between the personal values of executive managers and the type of culture in their respective firms. The Upper Echelons Theory (Hambrick and Mason, 1984; Hambrick, 2007) holds that personal values determine the managerial decision-making process to a great extent. Accordingly, the establishment of a specific variety of culture in an organisation was interpreted as the result of these managerial decision-making

processes. The preference of one type of culture over another was thus understood as being grounded in the value system of the individual leader and/or the shared value platform of the executive team.

By applying complex statistical analyses, qualitative research approaches as well as analytic generalisation, this study was able to show that specific combinations of values are obviously much more influential than others in contributing to the development of specific types of organisational culture. However, the relationship found was not that of a linear connection between a certain value and a certain type of culture – rather than that, the evaluation of the research results showed that some values were associated with a preference for more than one type of culture.

This research also contributed to the existing knowledge base by providing up-to-date information about the organisational culture types of private Chinese enterprises. Up to the present, only very few studies have conducted research on a broader base; many studies worked only with a single participant per sample firm. The present study demonstrated that the majority of participants described their firms' culture as strong systems with characteristics that involved all four of the culture types outlined in Quinn and Rohrbaugh's (1983) CVF. This finding applied to the answers of both executives and employees.

Based on a review of earlier research, this study evaluated the strength of organisational culture systems according to (1) the degree of similarity between how executives and employees evaluated the type of culture in their firms, and (2) the degree of conformity with which the respective type of culture was characterised. With point 1 as a benchmark, both stakeholder groups showed a high level of similarity in exactly half of the participating firms. On the stricter basis of both benchmark points 1 and 2 taken together, almost a third of the sample firms could still be characterised as having a strong culture system.

Both the results of the SV Scale and the AC Scale showed that the employees of nearly all sample firms felt closely attuned to the value systems of their organisations, and described correspondingly high levels of affective commitment. Employees also displayed a strong focus on maintaining a positive attitude towards their employers and on achieving a high level of congruency with the value systems of their firms. There

was ample evidence for a high degree of resilience against the negative aspects of their corporate environments. The high levels of affective commitment and of perceived value congruency between the employees of the majority of sample firms and their organisations did not show a clear relatedness to the strength of the culture systems, however.

8.2.7 Research Instruments

For the purposes of this study, a total of four well-established research instruments were combined and adapted to a Chinese context. Besides England's PVQ in the version proposed by Posner and Munson (1984), this study deployed Posner's (2009) SV Scale, Meyer and Allen's (1991) AC Scale from the Three-Component Model of Commitment, and Cameron and Quinn's (1999) OCAI, which had originally been developed as a supplement to the CVF.

Overall, the newly developed Chinese-language questionnaires proved to be well-suited to research in the PRC, thereby adding a valuable tool to the methodological repertoire for quantitative management research in this particular cultural environment. Participants reported no difficulties in understanding the tasks at hand and in completing the questionnaires in a reasonable amount of time.

Regarding the PVQ, owing to the combination of quantitative and qualitative research methods as well as to a thorough execution, this study was able to identify a set of value concepts which had not been included in the current version of the PVQ up to that point, but which were considered highly relevant by the participating Chinese executive managers. These values were, among others, Honesty, Integrity, Friendliness, Harmony, Balance and Motherland.

It was further found that some of the value concepts included in the PVQ seemed to be too vague and too general to expect an unbiased importance evaluation. Participants were, for example, asked to give their opinion on the value Money. While the great majority of people would, in all likelihood, confirm the general importance of a certain degree of financial affluence, the concept can still mean many different things to different people. How much money, for example, is much money?

In the version of Posner's SV Scale used in this research, the reverse-scored item 2 represented something of a challenge in terms of analysis and interpretation. In spite of this, the submitted research made a further important contribution to the existing knowledge base by making available and evaluating the up-to-date material of the semi-structured interviews, which also proved invaluable in the process of placing the related scores in the right context. While Posner's instrument in its newly developed Chinese version performed well, it would be interesting to adapt a further P-O fit instrument, e.g. Jennifer Chatman's (1989) Organizational Culture Profile (OCP), to research in a Chinese context. However, the OCP's additional 54 cards clearly would have been beyond the scope of this study given that the questionnaire already contained close to 70 items.

In addition to this, the present study was able to supplement another finding of earlier research in a Chinese context: Chinese sample groups do not necessarily understand the items characterising the competing culture types in Cameron and Quinn's CVF as being mutually exclusive. On the contrary, the majority of the sample groups in this study described the culture systems of their firms with characteristics corresponding to all four types. Ralston et al. (2006) and others confirmed that the CVF as such is the most suitable research instrument for organisational culture studies in a Chinese context. However, considering the divergent results of earlier research and of the present study in terms of how Chinese sample groups describe their firms' culture systems, it might be worthwhile to redefine and rebrand the different culture types for research in a Chinese context.

As a result of the undertaken research as described above, future scholars and market researchers in a Chinese context will now have a wider choice of instruments at their disposal.

8.3 Discussion of Contributions to Professional Practice

The findings outlined above suggest a number of insights that might prove helpful for management practitioners in a Chinese business environment:

1. When managing in a Chinese business environment, consider business-related values as well as sociocultural value concepts as being relevant.

In the process of establishing a hierarchy of managerial value concepts it became clear that the executive managers in private Chinese firms consider values to be very important, particularly the concepts of Customers, Trust, Loyalty, Competition and Employees.

Earlier studies in a Chinese context (e.g. Bond, 1991; Ralston et al., 1995b; Matthews, 2000) were able to establish that traditional sociocultural values based on the handed down teachings of Confucius are still relevant in spite of the dramatic changes in the PRC over the last decades. The findings regarding operational question 1 (7.3.1 / B) demonstrated that this also holds true for the personal values of Chinese managers.

At the same time, operational questions 1 and 2 showed that, their different sociocultural background notwithstanding, Chinese executive managers are comparable to managers in other countries in their focus on specific value concepts that are relevant for success in their day-to-day work. This suggests that managerial values are culture-specific only to a certain extent, and that there might in fact be a catalogue of particularly relevant concepts that are universally shared by managers across the world. While practitioners in the China business would still do well to be aware of Confucian ‘piety’ and similar China-specific values, the results of this study indicate that global managerial values have the potential of serving as a basis on which western managers can build a fundamental understanding leading to mutual trust.

2. When managing in a Chinese business environment, pay attention to the internal coherence of all statements regarding values and leadership that you make in the daily management process, and make sure that they are compatible to the company’s overall organisational culture.

It was argued in this and other studies that, for example, leadership style, statements concerning corporate values and fairness towards employees are all crucial parts of the overall culture system of an organisation. All these expressions of organisational culture contribute to the overall perception of the company, and therefore ought to be coherent and compatible.

The evaluation of hypotheses 3 and 4 (chapter 7.3.5 / A3 and 7.3.6 / A3) showed that the majority of both executive managers and employees described the culture systems

of their firms as overlapping, i.e., as reflecting characteristics of all four of the OCAI types. It was further shown – especially in the semi-structured interviews (chapter 7.3.6 / B) – that Chinese employees are willing to voluntarily contribute more to the welfare of their company if they experience its organisational culture as welcoming and supportive. For practitioners, these findings mean that it is highly advisable to consciously conceptualise the whole cultural set-up of their firms and to identify a suitable system based on thorough analysis. Stakeholders should then be sensitised and trained towards a coherent implementation of all parts of the envisaged system.

3. When managing in a Chinese business environment, position yourself as a trustworthy and strong leader, care for your people and lead by fairness and values.

As the review of existing literature on sociocultural phenomena and managerial leadership in China has shown, the fair and caring leader figure is an omnipresent concept in a Chinese setting. Chinese employees in general, it has been argued, are looking for strong leadership to guide them and to protect them. Whenever leaders of this type emerge, employees are proud to follow them and are prepared to go the extra mile (chapter 3.6, see also Chang, 1995).

Therefore, when leading in a Chinese context, the interface between one's own leadership style and personal value preferences on the one hand, and the value concepts which are seen as relevant by the employees on the other hand, must be carefully attuned. A leadership style inspired by well-communicated values represents one of the pillars of a successful tenure as executive manager in China.

4. When leading in a Chinese business environment, create a culture of perceived harmony within the organisation.

As the literature review has shown, the concept of harmony seems to be interpreted differently in western and Chinese business environments. Harmony in the western understanding of the term often seems to imply a state of affairs that is 'free of contradictions'. In a Chinese context, on the other hand, harmony is often seen as a constant balancing process. This understanding could frequently be observed in the participants of this study, particularly so in the semi-structured interviews and in the

answering pattern of the employees in relation to the P-O fit part of the survey (chapter 7.3.7 / B).

In the analysis of the latter, it was found that the majority of the participating employees felt that their own value systems were rather closely aligned with the organisational values of their respective firms. At the same time, many employees were aware of situations where disharmony between their own value systems and that of their firms had become manifest, but, as was discussed in chapter 7.3.7 A2 and B, they seemed to be willing and able to balance or harmonise these apparent contradictions, maintaining a high level of P-O fit overall.

Practitioners in a Chinese business environment would thus do well to choose a leadership style predominantly based on the idea of harmonisation instead of confrontation. In this sense, harmony should not be misinterpreted as uncritical acceptance or the complete absence of conflict.

5. When managing in a Chinese business environment, create relationships of trust with your team(s) and colleagues.

In a Chinese context, another very important value seems to be the concept of Trust. As quite a few studies introduced in the literature review (chapter 2.4.5) have argued, a leader's expression of trust in his or her followers and the empowerment of employees up to and including the point of actual job crafting are approaches which stand a good chance of inspiring Chinese employees to develop higher levels of commitment (e.g. Sendjaya, 2008 and Miao et al., 2014).

In this research, the value Trust was among the five most relevant concepts reported by the executive managers, and so was Employees. For their part, the employees also emphasised the importance of this concept in both the OCAI and the AC parts of the survey, as well as in the semi-structured interviews. When employees perceived the supervisors or executive managers of their firms to trust them, they felt inspired to show commitment.

It thus seems fair to conclude that, in a Chinese business context, the idea of creating trusted relationships to both one's fellow managers and team members or subordinates is a crucial factor for success.

6. When managing in a Chinese business environment, invest sufficient time into listening to your people and explaining your strategy, goals and values.

Many of the initial China-related value studies with a trans-national perspective focused their efforts on the analysis of the influence of Hofstede's (1980) four categories, with the value pair of Collectivism/Individualism being the most frequently researched. These studies asserted that practically all societies with a strong Chinese influence on their culture (e.g. Singapore, Hong Kong, the PRC) were collectivistic in their basic orientation. Similarly, several studies on organisational culture in China showed that the firms in their samples often preferred the Clan variety of organisational culture, defined by an emphasis on Teamwork, Participation, Cohesiveness and Loyalty.

This thesis could not confirm the findings of these earlier studies regarding the dominance of Clan culture in its sample firms. Nevertheless, a majority of both executive managers and employees included elements of Clan culture in their descriptions of the organisational culture of their respective firms.

The analysis of the transcripts of the semi-structured interviews conducted in the course of this research further strengthened the impression that many employees of this sample group preferred to work for companies which encourage a participative type of culture, and for managers who favour teamwork and open communication.

It follows that management practitioners in China should look for ways to foster a feeling of belonging in their employees, should seek to include them into the decision-making process, and should directly and personally approach each employee in order to create the atmosphere of a 'clan' or an 'in-group'. The feeling of being a respected part of the group seems to be an important precondition for Chinese employees to develop strong levels of P-O fit and AC.

7. When managing in a Chinese business environment, fine-tune employee development and corporate socialising programmes on a constant basis.

This research demonstrated high levels of P-O fit and AC in a majority of the participating Chinese employees. The focus of correlation in this study was on a strong corporate culture, whereas earlier studies had focused on the relation to the supervisor, the firm and/or the unions. It was shown that Chinese employees can develop commitment to different foci simultaneously, and that these foci can shift over time.

It has become clear that commitment needs to be earned, i.e., that managers cannot expect perpetual dedication without an equally intense effort to inspire it. Especially under the influence of a fast-developing environment like that of the PRC, it seems realistic to expect employees to change their foci of commitment frequently. Constant efforts to lead and adjust the management/employee development process are therefore required.

Executives should actively manage and make use of the relationship between their company's culture, the needs of their employees, and the corresponding levels of P-O fit and affective commitment. Kristof-Brown, Zimmermann and Johnson (2005) suggested that a flexible and open person-culture fit is supportive of this continuous value exchange between the members of an organisation, and thus creates higher levels of congruency, belonging and affective commitment.

8. When leading in a Chinese business environment, consider the potential culture fit of candidates besides person-job match criteria.

Some of the evidence presented above suggested the existence of an interrelationship between the preference of certain managerial values and the chosen type of organisational culture (chapter 7.3.4). On the employee side, this study could not establish a linear relationship between the perceived strength of a firm's organisational culture and high levels of P-O fit and affective employee commitment (such a correlation was only encountered in two firms). For a majority of the participating employees, high levels of both value congruency and AC were confirmed, independent from the perceived strength of the culture system of their company (chapter 7.3.7).

It was shown that employee-organisation value congruency, hierarchies of personal values and preferences for specific solutions in the decision-making process are highly relevant in a Chinese business environment. For practitioners, these findings mean that it might be worthwhile when hiring new staff to not only screen the candidate for his or her professional experiences, but also for his or her value system, i.e., for expected P-O fit. Especially in working environments with smaller teams, e.g. in a representative office or during the early growth stages of a company, a common value system and a high level of P-O fit seem to be crucial prerequisites for the integration of new employees, and consequently for the success of the whole business venture.

Summary

The practical suggestions made above represent the combined result of a comprehensive literature review and of the extensive quantitative and qualitative research that was conducted for this study. It is fully acknowledged that different situations demand different solutions. Nevertheless, thorough analysis has shown that certain concepts and correlations appeared more often than others, indicating a higher priority. For practitioners, this finding makes it easier to focus their efforts on the issues that really count.

The hypothesised and partially established relationships between value systems and specific types of organisational culture, as well as between strong culture systems and high levels of P-O fit and AC, represent further valuable insights for practitioners: (1), that there is a need to consciously reflect on their own value preferences and how they might influence their daily decision-making; and (2), that they ought to be aware of the benefits of a strong, well-implemented and clearly communicated organisational culture system with correspondingly higher levels of P-O fit and AC, which might well lead to a tangible competitive advantage.

8.4 Limitations

While this study was able to set new benchmarks and to deliver fresh insights and valuable conclusions, it inevitably has its limitations.

For one, the sheer number of private Chinese companies is a limiting factor that cannot but be acknowledged. As it were, achieving the actual sample size of this research was already quite a formidable task, but the number of participants still appears minute in comparison to the total number of private firms in China.

Furthermore, the sample firms were all from the Beijing area, and as earlier studies have shown (e.g. Ralston et al., 1996), China does not represent a single homogeneous sociocultural environment, but covers a huge territory with strong economical and cultural differences. Therefore, additional studies with a different regional focus are definitely called for. It must also be kept in mind that all the sample firms belonged to the service industry – the overall results might have been different, if a mix of industries had been represented.

The questionnaires were prepared with the greatest care and followed well-established scientific protocol. Nevertheless, the process of translation into another language always involves a residual risk. Questionnaires also rely on self-reporting, an approach to information gathering that is not without its inherent dangers and limitations. The semi-structured interviews were all conducted in Chinese, and even though the interviewer is fluent in the language, a certain risk of misunderstandings unavoidably remained.

Throughout the research process, stringent bias control was applied. During the development of the questionnaires, for example, multiple back and forth translations were used, and experts were consulted between each of these steps. Despite the fact that all possible precautionary steps were undertaken in order to minimise the effects of bias on this research, the very nature of the qualitative component did not allow for a complete elimination of subjective influences.

Finally, the selection process of the sample firms has to be addressed as a further possible limitation. As described above, the first attempt to find companies that were willing to participate in this study was based on data from an official Chinese

membership database and did not produce the desired outcome. Consequently, a direct approach relying on personal contacts and introductions had to be chosen. While this second strategy opened the necessary doors and made data collection possible in the first place, a random selection process would have been preferable.

While the scope of this study had to be limited for obvious reasons, the practical implications outlined above seem more than sufficient to suggest that further research would be a worthwhile undertaking. It is hoped that this thesis will encourage practitioners to implement the ideas that have been introduced here in their working environments.

8.5 Proposals for Future Research

The theoretical model developed for this research was tested with a sample of private Chinese companies. Its potential usefulness is not limited to China, however: Further research based on the chosen approach could have valuable practical implications for organisations in other countries and economies as well, and the model seems to be well suited for adaptation to differing requirements.

It has become clear that the personal values of executive managers and executive teams are a crucial factor in business-related decision-making processes. Testing candidates for executive leadership positions for their value preferences might thus prove to be an extremely valuable tool for Human Resources practitioners, although it would appear unwise only to hire employees with very similar value systems: Such an approach could limit the ability of the organisation to respond appropriately to unexpected business challenges. England's Personal Values Questionnaire has proved to be a good point of departure. Still, the research instrument could be made even more useful by adapting it to different sociocultural settings as required: On the one hand, it was shown that managerial values include a universal element; on the other hand, however, it also became clear that the Chinese sample group valued some concepts very highly which were lacking in England's original instrument. Future studies might continue on this path by developing a country-specific form of the PVQ that also reflects the changes in the world of business that have taken place since England's original research model was developed 50 years ago.

A similar suggestion can be made in regard to the current version of Cameron and Quinn's OCAI. The participants of this study frequently characterised the cultural systems in their firms with items from all four of its pre-defined culture types. Future studies might therefore consider to redefine these categories, or to develop different ones altogether.

Finally, this study was able to establish a potential relationship between the development of a strong corporate culture in an organisation and high levels of employee-organisation value congruency and affective employee commitment for a minority of the participating companies. Future studies might take up this finding, and test it with further samples from, for example, other Chinese regions, other industries or other countries.

8.6 Summary

The goal of this study was to investigate the relationship between the personal value systems of executive managers in private Chinese firms, systems of organisational culture, P-O fit and affective employee commitment. Based on proven research instruments, new questionnaires for research in a Chinese context were developed and successfully tested. Semi-structured interviews conducted in Chinese supplemented the quantitative research methods.

Given the growing importance of private Chinese companies not only in the PRC itself, but also on a worldwide scale, a better understanding of what the executives in these firms value and do not value is of the most immediate strategic relevance. Everyone who needs to deal and negotiate with Chinese executives will find valuable information in the tables, numbers and conclusions presented here.

It is hoped that this study's findings regarding implemented and preferred culture systems as well as employee-organisation fit and affective employee commitment will be appreciated by management practitioners whose task it is to lead, to motivate and to communicate with their Chinese staff on a daily basis.

While this study was based on a sample of private Chinese companies, the hypothesised relationships have the potential of being of real interest to managers in other cultural

environments as well. In the end, companies all over the world share a common challenge: to become more efficient, more attractive and more competitive one step at a time.

The research for this thesis was conducted with the clear aim to contribute to the existing body of management know-how, especially in a Chinese context. It is sincerely hoped that it will encourage other researchers to follow its cue with further explorations.

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